

Each policy of insurance to be maintained by the County pursuant to this Section 5.04 shall (a) provide for the full payment of insurance proceeds up to the applicable dollar limit in connection with damage to the Leased Premises and shall, under no circumstances, be contingent upon the degree of damage sustained at other facilities owned or leased by the County; and (b) explicitly waive any co-insurance penalty.

Section 5.05 Rental Interruption Insurance. The County shall procure and maintain, or cause to be procured and maintained, throughout the Term of this Lease Agreement, rental interruption or use and occupancy insurance to cover loss, total or partial, of the use of any Facilities on the Leased Premises, as a result of any of the hazards covered by the insurance required by Section 5.04, in an amount at least equal to the maximum Lease Payments allocable to the Facilities coming due and payable during any future twenty-four (24) month period. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the County, and may be maintained in whole or in part in the form of the participation by the County in a joint powers agency or other program providing pooled insurance. The proceeds of such insurance, if any, shall be paid to the Trustee and deposited in the Bond Fund, and shall be applied for the uses and purposes set forth in Article V of the Indenture.

Section 5.06 Recordation Hereof; Title Insurance. On or before the Closing Date the County shall, at its expense, (a) cause this Lease Agreement, or a memorandum hereof in form and substance approved by Bond Counsel, to be recorded in the office of the Riverside County Recorder; and (b) obtain a CLTA policy of title insurance insuring the County's leasehold estate hereunder, subject only to Permitted Encumbrances, in an amount at least equal to the aggregate principal amount of the Bonds. All Net Proceeds received under said policy shall be deposited with the Trustee in the Redemption Fund and shall be applied to the redemption of the Bonds pursuant to Section 4.01(c) of the Indenture.

Section 5.07 Net Proceeds of Insurance; Form of Policies.

(a) Each policy of insurance maintained pursuant to Sections 5.04, 5.05 and 5.06 shall name the Trustee as loss payee so as to provide that all proceeds thereunder shall be payable to the Trustee and shall name the Authority, the County and the Trustee as insureds. The County shall pay or cause to be paid when due the premiums for all insurance policies required by this Lease Agreement. All such policies shall provide that the Trustee shall be given thirty (30) days' notice of each expiration, any intended cancellation thereof or reduction of the coverage provided thereby. The Trustee shall not be responsible for the sufficiency or amount of any insurance or self-insurance herein required and shall be fully protected in accepting payment on account of such insurance or any adjustment, compromise or settlement of any loss. The County shall cause to be delivered to the Trustee annually, no later than December 1 in each year, a certificate stating that all of the insurance policies required by this Lease Agreement are in full force and effect and identifying whether any such insurance is then maintained in the form of self-insurance.

(b) In the event that any insurance maintained pursuant to Section 5.03, 5.04 or 5.05 shall be provided in the form of self-insurance, the County shall file with the Trustee annually, no later than December 1 of each year, a statement of the risk manager of the County or an independent insurance adviser engaged by the County identifying the extent of such self-

insurance and stating the determination that the County maintains sufficient reserves with respect thereto. In the event that any such insurance shall be provided in the form of self-insurance by the County, the County shall not be obligated to make any payment with respect to any insured event except from such reserves. The Trustee shall not be responsible for the sufficiency or adequacy of any insurance herein required and shall be fully protected in accepting payment on account of such insurance or any adjustment, compromise or settlement of any loss agreed to by the Trustee.

(c) If the County shall fail to perform any of its obligations under this Article V, the Authority or the Trustee may, but shall not be obligated to, take such action as may be necessary to cure such failure, including the advancement of money, and the County shall be obligated to repay all such advances as soon as possible, with interest at the rate payable by the Authority on the Bonds from the date of the advance to the date of repayment.

Section 5.08 Installation of Personal Property. The County may, at any time and from time to time, in its sole discretion and at its own expense, install or permit to be installed items of equipment or other personal property in or upon any portion of the Leased Premises. All such items shall remain the sole property of the County, in which neither the Authority nor the Trustee shall have any interest, and may be modified or removed by the County at any time provided that the County shall repair and restore any and all damage to the Leased Premises and Facilities resulting from the installation, modification or removal of any such items. Nothing in this Lease Agreement shall prevent the County from purchasing or leasing items to be installed pursuant to this Section 5.08 under a lease or conditional sale agreement, or subject to a vendor's lien or security agreement, as security for the unpaid portion of the purchase price thereof, provided that no such lien or security interest shall attach to any part of the Leased Premises and Facilities.

Section 5.09 Liens. Neither the County nor the Authority shall, directly or indirectly, create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance or claim on or with respect to any portion of the Leased Premises, other than the respective rights of the Authority and the County as provided herein and other than Permitted Encumbrances. Except as expressly provided in this Article V, the County and the Authority shall promptly, at their own expense, take such action as may be necessary to duly discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim, for which it is responsible, if the same shall arise at any time. The County shall reimburse the Authority for any expense incurred by it in order to discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim.

Section 5.10 Tax Covenants.

The County shall use the portion of the Facilities financed with the Bonds in furtherance of its governmental activities and further covenants for the benefit of the Authority and the Owners of the Bonds that:

(a) It will not take any action or omit to take any action, which action or omission, if reasonably expected on the date of the initial issuance and delivery of the Bonds, would have caused any of the Bonds to be "arbitrage bonds" within the meaning of Section 103(b) and Section 148 of the Code;

(b) It will not take any action or omit to take any action, which action or omission, if reasonably expected on the date of initial issuance and delivery of the Bonds, would result in loss of exclusion from gross income for purposes of federal income taxation under Section 103(a) of the Code of interest to the Bonds;

(c) All proceeds of the Bonds will be expended on the financing of the County Facilities on the County Site, and the refinancing of the AFV Facilities on the AFV Site. The Animal Shelter shall continue to be used in its entirety by the County and Authority as an Animal Shelter which will be operated by AFV pursuant to the Operations Agreement. [Describe use of Public Health Lab]. If the County should choose to enter into management or service contracts or management or service agreements with private or nongovernmental entities (a "Nonexempt Entity") with respect to any facilities financed with the proceeds of the Bonds, the County will ensure that the terms (including renewal options) of such agreements or contracts shall comply with the requirements of applicable Treasury Regulations or Revenue Procedures, see, e.g., Revenue Procedure 97-13, so that none of such facilities is subject to "private business use" within the meaning of Section 141(b)(6) of the Code. At the time of delivery of the Bonds AFV is a 501(c)(3) corporation and the use of the Facilities complies with Section 147 of the Code; and

(d) In order to maintain the exclusion from gross income for purposes of federal income taxation of interest paid with respect to the Bonds, it will comply with each applicable requirement of Section 103 and Sections 141 through 150 of the Code.

The covenants of the County contained in this Section 5.10 shall survive the payment, redemption or defeasance of Bonds.

Section 5.11 Payment of Rebatable Amounts. The County agrees to furnish all information to, and cooperate fully with, the Authority and their respective officers, employees, agents and attorneys, in order to assure compliance with the provisions of Section 5.11 of the Indenture. In the event that the Authority shall determine, pursuant to Section 5.11 of the Indenture, that any amounts are due and payable to the United States of America thereunder and that neither the Authority nor the Trustee has on deposit an amount of available moneys (excluding moneys on deposit in the funds and accounts established for the payment of the principal of or interest or redemption premium, if any, on the Bonds) to make such payment, the Authority shall promptly notify the County of such fact. Upon receipt of any such notice, the County shall promptly pay the amounts determined by the Authority to be due and payable to the United States of America under such Section 5.11, such payments to be made in accordance with the applicable provisions of the Tax Code.

Section 5.12 Continuing Disclosure. The County hereby covenants and agrees that it will comply with and carry out all of the provisions of its Undertaking to Provide Continuing Disclosure with respect to the Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof. Notwithstanding any other provision of this Lease Agreement, failure of the County to comply with such Undertaking to Provide Continuing Disclosure shall not be considered an Event of Default; however, any Bondholder may take such actions, as provided in such Undertaking to Provide Continuing Disclosure, as may be necessary

and appropriate to cause the County to comply with its obligations under such Undertaking to Provide Continuing Disclosure.

**ARTICLE VI
DAMAGE, DESTRUCTION AND EMINENT DOMAIN;
USE OF NET PROCEEDS**

Section 6.01 (a) Eminent Domain. If all of the Leased Premises shall be taken permanently under the power of eminent domain or sold to a government threatening to exercise the power of eminent domain, the Term of this Lease Agreement shall cease as of the day possession shall be so taken. If less than all of the Leased Premises shall be taken permanently, or if all of the Leased Premises or any part thereof shall be taken temporarily under the power of eminent domain, (a) this Lease Agreement shall continue in full force and effect and shall not be terminated by virtue of such taking and the parties waive the benefit of any law to the contrary; and (b) there shall be a partial abatement of Lease Payments in an amount to be agreed upon by the County and the Authority such that the resulting Lease Payments for the Leased Premises, represent fair consideration for the use and occupancy of the remaining usable portion of the Leased Premises.

(b) Damage or Destruction. The Net Proceeds of any insurance award resulting from any damage to or destruction of any structure on the Leased Premises by fire or other casualty shall be deposited in the Insurance and Condemnation Fund by the Trustee promptly upon receipt thereof and, if the County and Authority determine that the replacement, repair, restoration, modification or improvement of such Leased Premises is not economically feasible or in the best interest of the County and Authority, the County shall certify to the Trustee and then such Net Proceeds shall be promptly transferred by the Trustee to the Redemption Fund and applied as provided in Section 6.02 hereof, and this Lease Agreement shall be terminated; provided, however, that in the event of damage or destruction of the Leased Premises in full, such Net Proceeds may be transferred to the Redemption Fund only if sufficient, together with other money available therefor, to cause the redemption of all Outstanding Bonds. All Net Proceeds deposited in the Insurance and Condemnation Fund and not so transferred to the Redemption Fund shall be applied to the prompt replacement, repair, restoration, modification or improvement of the damaged or destroyed Lease Premises by the County, and this Lease Agreement shall remain in effect, subject to the provisions of Section 6.03 hereof upon receipt of a requisition signed by the Authorized Representative stating with respect to each payment to be made (i) the requisition number, (ii) the name and address of the person, firm or corporation to whom payment is due, (iii) the amount to be paid, and (iv) that each obligation mentioned therein has been properly incurred, is a proper charge against the Insurance and Condemnation Fund, has not been the basis of any previous withdrawal, and specifying in reasonable detail the nature of the obligation. Any balance of the Net Proceeds remaining after such work has been completed shall be paid to the Authority.

Section 6.02 Application of Net Proceeds.

(a) From Insurance Award. The Net Proceeds of any insurance award resulting from any damage to or destruction of the Leased Premises by fire or other casualty shall be deposited

in its Insurance and Condemnation Fund or the Redemption fund, as applicable, by the Trustee and applied in accordance with Section 5.08 of the Indenture.

(b) From Eminent Domain Award. The Net Proceeds of any eminent domain award resulting from any event described in Section 6.01 shall be deposited in the Insurance and Condemnation Fund or the Redemption Fund, as applicable, by the Trustee and applied in accordance with Section 5.08 of the Indenture.

Section 6.03 Abatement of Lease Payments in the Event of Damage or Destruction.

The Lease Payments allocable to the Leased Premises shall be abated during any period in which by reason of damage or destruction (other than by eminent domain which is hereinbefore provided for) there is substantial interference with the use and occupancy by the County of the Leased Premises or any portion thereof. The amounts of the Lease Payments under such circumstances may not be less than the amounts of the unpaid Lease Payments, unless such unpaid amounts are determined to be greater than the fair rental value of the portions of the Leased Premises not damaged or destroyed, based upon the opinion of an MAI appraiser with expertise in valuing such properties or other appropriate method of valuation, in which event the Lease Payments shall be abated such that they represent said fair rental value. Such abatement shall continue for the period commencing with such damage or destruction and ending with the substantial completion of the work of repair or reconstruction. In the event of any such damage or destruction, this Lease Agreement shall continue in full force and effect and the County waives any right to terminate this Lease Agreement by virtue of any such damage and destruction. Notwithstanding the foregoing, there may be no abatement of Lease Payments to the extent that (a) the proceeds of rental interruption insurance, are available to pay Lease Payments; or (b) amounts in the Bond Fund are available to pay Debt Service payable from Lease Payments which would otherwise be abated.

**ARTICLE VII
DISCLAIMER OF WARRANTIES; ACCESS**

Section 7.01 Disclaimer of Warranties. Neither the Authority nor the Trustee makes any warranty or representation, either express or implied, as to the value, design, condition, merchantability or fitness for any particular purpose or fitness for the use contemplated by the County of the Leased Premises, or any other representation or warranty with respect to the Leased Premises. In no event shall the Authority, the Trustee, and their respective assigns be liable for incidental, indirect, special or consequential damages in connection with or arising out of this Lease Agreement or the Indenture for the existence, furnishing, functioning or the County's use of the Leased Premises.

Section 7.02 Rights of Access. The County agrees that the Authority and any Authorized Representative of the Authority, and the Authority's successors or assigns, shall have the right at all reasonable times to enter upon and to examine and inspect the Leased Premises. The County further agrees that the Authority, any Authorized Representative of the Authority, and the Authority's successors or assigns shall have such rights of access to the Leased Premises as may be reasonably necessary to cause the proper maintenance of the Leased Premises in the event of failure by the County to perform its obligations hereunder.

Section 7.03 Release and Indemnification Covenants. To the extent permitted by law, the County shall and hereby agrees to indemnify and save the Authority and the Trustee and their respective officers, agents, successors and assigns, harmless from and against all claims, liabilities, losses and damages, including legal fees and expenses, arising out of (a) the use, maintenance, condition or management of, or from any work or thing done on the Leased Premises by the County; (b) any breach or default on the part of the County in the performance of any of its obligations under this Lease Agreement; (c) any act or negligence of the County or of any of its agents, contractors, servants, employees or licensees with respect to the Leased Premises; (d) the use, presence, storage, disposal of any Hazardous Substances on or about the Leased Premises; or (e) the Trustee's acceptance or administration of the trust of the Indenture, or the exercise or performance of any of its powers or duties thereunder or under any of the documents relating to the Bonds to which it is a party; (f) any act or negligence of any sublessee of the County with respect to the Leased Premises and Facilities. No indemnification is made under this Section 7.03 or elsewhere in this Lease Agreement for willful misconduct or negligence under this Lease Agreement by the Authority, the Trustee or any of their respective officers, agents, employees, successors or assigns.

ARTICLE VIII ASSIGNMENT, SUBLEASING AND AMENDMENT

Section 8.01 Assignment by the Authority. The Authority's rights under this Lease Agreement, including the right to receive and enforce payment of the Lease Payments to be made by the County under this Lease Agreement, have been pledged and assigned to the Trustee for the benefit of the Owners of the Bonds pursuant to the Indenture, to which pledge and assignment the County hereby consents. The assignment of this Lease Agreement to the Trustee is solely in its capacity as Trustee under the Indenture and the duties, powers and liabilities of the Trustee in acting hereunder shall be subject to the provisions of the Indenture, including, without limitation, the provisions of Article VIII thereof.

Section 8.02 Assignment and Subleasing by the County. This Lease Agreement may not be assigned by the County. The County may sublease the Leased Premises and Facilities or any portion thereof, but, with respect to the AFV Site, only with the written consent of EVMWD pursuant to the AFV Lease, the Authority and subject to all of the following conditions:

(a) this Lease Agreement and the obligation of the County to make Lease Payments hereunder shall remain obligations of the County;

(b) the County shall, within thirty (30) days after the delivery thereof, furnish or cause to be furnished to the Authority and the Trustee a true and complete copy of such sublease;

(c) no such sublease by the County shall cause the Leased Premises and Facilities to be used for a purpose other than as may be authorized under the provisions of the laws of the State and the AFV Lease; and

(d) the County shall furnish the Authority and the Trustee with a written opinion of Bond Counsel, stating that such sublease is permitted by this Lease Agreement and the

Indenture, and will not cause the interest on the Bonds to become included in gross income for federal income tax purposes.

Section 8.03 Amendment Hereof. The Authority and the County may at any time amend or modify any of the provisions of this Lease Agreement, but only (a) with the prior written consent of a majority in aggregate principal amount of the Bonds Outstanding, or (b) without the consent of any of the Owners, but only if such amendment or modification is for any one or more of the following purposes:

(i) to add to the covenants and agreements of the County contained in this Lease Agreement, other covenants and agreements thereafter to be observed, or to limit or surrender any rights or power herein reserved to or conferred upon the County;

(ii) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained herein, or in any other respect whatsoever as the Authority and the County may deem necessary or desirable, provided that, in the opinion of Bond Counsel, such modifications or amendments will not materially adversely affect the interests of the Owners of the Bonds;

(iii) to amend any provision thereof relating to the Tax Code, to any extent whatsoever but only if and to the extent such amendment will not adversely affect the exclusion from gross income of interest on the Bonds under the Tax Code, in the opinion of Bond Counsel;

(iv) to amend the description of the Leased Premises set forth in Exhibit A hereto to add property acquired by the County and the Authority from proceeds on deposit in the Project Fund or to reflect accurately the property originally intended to be included therein, or in connection with any substitution or release pursuant to Section 4.08; or

(v) to obligate the County to pay additional amounts of rental hereunder for the use and occupancy of the Leased Premises, provided that (A) no Event of Default has occurred and is continuing under this Lease, (B) such additional amounts of rental do not cause the total rental payments made by the County hereunder to exceed the fair rental value of the Leased Premises, as set forth in a certificate of a County Representative filed with the Trustee and the Authority, (C) the County shall have obtained and filed with the Trustee and the Authority a Written Certificate of an Authorized Representative of the County showing that the fair rental value of the Leased Premises is not less than the sum of the aggregate unpaid principal components of the Lease Payments and the aggregate principal components of such additional amounts of rental, and (D) such additional amounts of rental are pledged or assigned for the payment of any bonds, notes, leases or other obligations the proceeds of which shall be applied to finance the construction or acquisition of land, facilities or other improvements which are authorized pursuant to the laws of the State.

Section 8.04 Termination, Breach or Other Actions With Respect to AFV Lease. In the event that the AFV or Elsinore Valley Municipal Water District terminates or causes a breach of the AFV Lease, or in the event that the AFV Lease becomes a matter in a bankruptcy or other judicial proceeding, then the County hereby agrees that it will either purchase the AFV

Site, or otherwise take action to maintain the chain of title, or substitute the Leased Premises hereunder with Substitute Leased Premises pursuant to Section 4.08 hereof.

ARTICLE IX EVENTS OF DEFAULT; REMEDIES

Section 9.01 Events of Default Defined. The following shall be "Events of Default" under this Lease Agreement:

(a) Failure by the County to pay any Lease Payment required to be paid hereunder at the time specified herein.

(b) Failure by the County to make any Miscellaneous Rent payment required hereunder and the continuation of such failure for a period of thirty (30) days.

(c) Failure by the County to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in the preceding clauses (a) or (b), for a period of sixty (60) days after written notice specifying such failure and requesting that it be remedied has been given to the County by the Authority or the Trustee; provided, however, that if in the reasonable opinion of the County the failure stated in the notice can be corrected, but not within such sixty (60) day period, such failure shall not constitute an Event of Default if the County shall commence to cure such failure within such sixty (60) day period and thereafter diligently and in good faith shall cure such failure in a reasonable period of time.

(d) The filing by the County of a voluntary petition in bankruptcy, or failure by the County promptly to lift any execution, garnishment or attachment, or adjudication of the County as a bankrupt, or assignment by the County for the benefit of creditors, or the entry by the County into an agreement of composition with creditors, or the approval by a court of competent jurisdiction of a petition applicable to the County in any proceedings instituted under the provisions of applicable federal bankruptcy law, or under any similar acts which may hereafter be enacted.

Section 9.02 Remedies on Default. Whenever any Event of Default referred to in Section 9.01 shall have happened and be continuing, it shall be lawful for the Authority to exercise any and all remedies available pursuant to law or granted pursuant to this Lease Agreement; provided, however, that notwithstanding anything to the contrary herein or in the Indenture, there shall be no right under any circumstances to accelerate the Lease Payments or otherwise declare any Lease Payments not then in default to be immediately due and payable or to terminate this Lease Agreement or to cause the leasehold interest of the Authority or the subleasehold interest of the County in the Leased Premises to be sold, assigned or otherwise alienated. Each and every covenant hereof to be kept and performed by the County is expressly made a condition and upon the breach thereof the Authority may exercise any and all rights of entry and re-entry upon the Leased Premises, subject to the provisions of the AFV Lease with respect to the AFV Site. In the event of such default and notwithstanding any re-entry by the Authority, the County shall, as herein expressly provided, continue to remain liable for the payment of the Lease Payments and/or damages for breach of this Lease Agreement and the

performance of all conditions herein contained, and in any event such rent and damages shall be payable to the Authority at the time and in the manner as herein provided, to wit:

(a) The County agrees to and shall remain liable for the payment of all Lease Payments and the performance of all conditions herein contained and shall reimburse the Authority for any deficiency arising out of the re-leasing of the Leased Premises, or, in the event the Authority is unable to relet the Leased Premises, then for the full amount of all Lease Payments to the end of the Term of this Lease Agreement, but said Lease Payments and/or deficiency shall be payable only at the same time and in the same manner as hereinabove provided for the payment of Lease Payments hereunder, notwithstanding such entry or re-entry by the Authority or any suit in unlawful detainer, or otherwise, brought by the Authority for the purpose of effecting such re-entry or obtaining possession of the Leased Premises or the exercise of any other remedy by the Authority.

(b) The County hereby irrevocably appoints the Authority as the agent and attorney-in-fact of the County to enter upon and re-lease the Leased Premises in the event of default by the County in the performance of any covenants herein contained to be performed by the County and to remove all personal property whatsoever situated upon the Leased Premises to place such property in storage or other suitable place in the County of Riverside, for the account of and at the expense of the County, and the County hereby exempts and agrees to save harmless the Authority from any costs, loss or damage whatsoever arising or occasioned by any such entry upon and re-leasing of the Leased Premises and the removal and storage of such property by the Authority or its duly authorized agents in accordance with the provisions herein contained.

(c) The County hereby waives any and all claims for damages caused or which may be caused by the Authority in re-entering and taking possession of the Leased Premises as herein provided and all claims for damages that may result from the destruction of or injury to the Leased Premises and all claims for damages to or loss of any property belonging to the County that may be in or upon the Leased Premises.

(d) The County agrees that the terms of this Lease Agreement constitute full and sufficient notice of the right of the Authority to re-lease the Leased Premises in the event of such re-entry without effecting a surrender of this Lease Agreement, and further agrees that no acts of the Authority in effecting such releasing shall constitute a surrender or termination of this Lease Agreement irrespective of the term for which such re-leasing is made or the terms and conditions of such re-leasing, or otherwise.

(e) The County further waives the right to any rental obtained by the Authority in excess of the Lease Payments and hereby conveys and releases such excess to the Authority as compensation to the Authority for its services in re-leasing the Leased Premises.

Section 9.03 No Remedy Exclusive. No remedy herein conferred upon or reserved to the Authority is intended to be exclusive and every such remedy shall be cumulative and shall, except as herein expressly provided to the contrary, be in addition to every other remedy given under this Lease Agreement or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be

exercised from time to time and as often as may be deemed expedient. In order to entitle the Authority to exercise any remedy reserved to it in this Article IX it shall not be necessary to give any notice, other than such notice as may be required in this Article IX or by law.

Section 9.04 Agreement to Pay Attorneys' Fees and Expenses. In the event either party to this Lease Agreement should default under any of the provisions hereof and the nondefaulting party should employ attorneys or incur other expenses for the collection of moneys or the enforcement or performance or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party agrees that it will on demand therefor pay to the nondefaulting party the reasonable fees of such attorneys and such other expenses so incurred by the nondefaulting party.

Section 9.05 No Additional Waiver Implied by One Waiver. In the event any agreement contained in this Lease Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 9.06 Trustee and Bondholder to Exercise Rights. Such rights and remedies as are given to the Authority under this Article IX have been assigned by the Authority to the Trustee under the Indenture, to which assignment the County hereby consents. Such rights and remedies shall be exercised by the Trustee and the Owners of the Bonds as provided in the Indenture to the extent that this Lease Agreement confers upon or gives or grants the Trustee any right, remedy or claim under or by reason of this Lease Agreement, the Trustee is hereby explicitly recognized as being a third-party beneficiary hereunder and may enforce any such right, remedy or claim conferred, given or granted hereunder.

ARTICLE X MISCELLANEOUS

Section 10.01 Notices. All written notices to be given under this Lease Agreement shall be given by first class mail or personal delivery to the party entitled thereto at its address set forth below, or at such address as the party may provide to the other party in writing from time to time. Notice shall be effective either (a) upon transmission by facsimile transmission or other form of telecommunication; (b) 48 hours after deposit in the United States mail, postage prepaid; or (c) otherwise, upon actual receipt. The Authority, the County, the Member Agencies or the Trustee may, by written notice to the other parties, from time to time modify the address or number to which communications are to be given hereunder.

If to the Authority:

Riverside County Infrastructure
Financing Authority
c/o County Executive Office
4080 Lemon Street, 4th Floor
Riverside, CA 92501-3679
Attention: Executive Director

If to the County: County of Riverside
County Executive Office
4080 Lemon Street, 4th Floor
Riverside, CA 92501-3679
Attention: Deputy County Executive Officer

If to the Trustee: U.S. Bank National Association
633 West Fifth Street, 24th Floor
Los Angeles, CA 90071
Attention: Corporate Trust Services

If to the Member Agencies: County of Riverside
4080 Lemon Street, 4th Floor
Riverside, CA 92501-3679
Attn.: Deputy County Executive Officer

City of Canyon Lake
31516 Railroad Canyon Rd
Canyon Lake, CA 92587
Attn.: City Manager

City of Lake Elsinore
130 South Main Street
Lake Elsinore, CA 92530
Attn.: City Manager

City of Murrieta
26442 Beckman Court
Murrieta CA 92562
Attn.: City Manager

City of Temecula
43200 Business Park Dr.
Temecula, CA 92590
Attn.: City Manager

City of Wildomar
23873 Clinton Keith Rd., Suite 201
Wildomar, CA 92595
Attn.: City Manager

Section 10.02 Binding Effect. This Lease Agreement shall inure to the benefit of and shall be binding upon the Authority and the County and their respective successors and assigns.

Section 10.03 Severability. In the event any provision of this Lease Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 10.04 Net-Net-Net Lease. This Lease Agreement shall be deemed and construed to be a “net-net-net lease” and the County hereby agrees that the Lease Payments shall be an absolute net return to the Authority, free and clear of any expenses, charges or set-offs whatsoever.

Section 10.05 Further Assurances and Corrective Instruments. The Authority and the County agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Leased Premises hereby leased or intended so to be or for carrying out the expressed intention of this Lease Agreement.

Section 10.06 Execution in Counterparts. This Lease Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 10.07 Applicable Law. This Lease Agreement shall be governed by and construed in accordance with the laws of the State.

Section 10.08 Authorized Representatives. Whenever under the provisions of this Lease Agreement the approval of the Authority or the County is required, or the Authority or the County is required to take some action at the request of the other, such approval or such request shall be given for the Authority by an Authorized Representative of the Authority and for the County by an authorized Representative of the County, and any party hereto shall be authorized to rely upon any such approval or request.

Section 10.09 Captions. The captions or headings in this Lease Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or Section of this Lease Agreement.

(Signature page follows)

IN WITNESS WHEREOF, the Authority has caused this Lease Agreement to be executed in its name by its duly authorized officer; and the County has caused this Lease Agreement to be executed in its name by its duly authorized officers and sealed with its seal, as of the date first above written.

RIVERSIDE COUNTY INFRASTRUCTURE
FINANCING AUTHORITY

By _____
Chairman

COUNTY OF RIVERSIDE

By _____
Deputy Executive Officer

(S E A L)

Attest:

Clerk of the Board of Supervisors

-Signature Page-
Lease Agreement

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
)
COUNTY OF _____)

On _____, before me, _____, a Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

(Seal)

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
)
COUNTY OF _____)

On _____, before me, _____, a Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

(Seal)

EXHIBIT A
DESCRIPTION OF THE SITE

1. AFV Site
2. County Site

EXHIBIT B-1

**SCHEDULE OF LEASE PAYMENTS
FOR AFV SITE AND FACILITIES**

<u>Lease Payment Date</u>	<u>Principal Component</u>	<u>Interest Component</u>	<u>Total Lease Payment</u>	<u>Annual Lease Payment</u>
04/15/2009				
10/15/2009				
04/15/2010				
10/15/2010				
04/15/2011				
10/15/2011				
04/15/2012				
10/15/2012				
04/15/2013				
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04/15/2025				
10/15/2025				
04/15/2026				
10/15/2026				
04/15/2027				

Lease Payment Date	Principal Component	Interest Component	Total Lease Payment	Annual Lease Payment
10/15/2027				
04/15/2028				
10/15/2028				
04/15/2029				
10/15/2029				
04/15/2030				
10/15/2030				
04/15/2031				
10/15/2031				
04/15/2032				
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04/15/2034				
10/15/2034				
04/15/2035				
10/15/2035				
04/15/2036				
10/15/2036				
04/15/2037				
10/15/2037				
04/15/2038				

Total

EXHIBIT B-2

**SCHEDULE OF LEASE PAYMENTS
FOR COUNTY SITE AND COUNTY FACILITIES**

EXHIBIT C

OPTION PRICE

The option to purchase may be exercised on April 15, _____, and any date thereafter, at a price being the principal amount of Lease Payments remaining to be paid under this Lease Agreement, plus accrued interest to the date set for Optional Purchase.

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Recording requested by
and return to:

Kim Byrens
Best Best & Krieger LLP
3390 University Ave., 5th Floor
Riverside, CA 92501

THIS TRANSACTION IS EXEMPT FROM CALIFORNIA DOCUMENTARY TRANSFER TAX PURSUANT TO SECTION 11929 OF THE CALIFORNIA REVENUE AND TAXATION CODE. THIS DOCUMENT IS EXEMPT FROM RECORDING FEES PURSUANT TO SECTION 27383 OF THE CALIFORNIA GOVERNMENT CODE.

GROUND LEASE AGREEMENT

RIVERSIDE COUNTY INFRASTRUCTURE FINANCING AUTHORITY
2017 LEASE REVENUE BONDS
(COUNTY OF RIVERSIDE CAPITAL PROJECTS)

Dated as of December 1, 2017

by and between

COUNTY OF RIVERSIDE,
as Lessor

and

RIVERSIDE COUNTY INFRASTRUCTURE FINANCING AUTHORITY,
as Lessee

GROUND LEASE AGREEMENT

This GROUND LEASE AGREEMENT (this "Ground Lease") dated as of December 1, 2017 is made and entered into by and between the COUNTY OF RIVERSIDE (the "County"), a division of the State of California, as lessor, and RIVERSIDE COUNTY INFRASTRUCTURE FINANCING AUTHORITY (the "Authority"), a joint exercise of powers authority existing under the laws of the State of California, as lessee.

W I T N E S S E T H

WHEREAS, the County intends to finance the acquisition, construction, improvement, furnishing and equipping of improvements to its public health lab and such other capital improvements as the County may determine (the "County Project") by leasing certain property, together with any facilities thereon, described in Exhibit A (the "Leased Premises") to the Authority and leasing back the Leased Premises from the Authority pursuant to a Lease Agreement, described below; and

WHEREAS, the Board of Supervisors of the County has determined that it is in the best interests of the County and for the common benefit of the citizens of the County to finance the County Project; and

WHEREAS, the County is authorized by Sections 25521 and 25524 of the Government Code of the State of California to lease the Leased Premises as lessor and has duly authorized the execution and delivery of this Ground Lease; and

WHEREAS, the Authority is authorized to lease the Leased Premises as lessee and has duly authorized the execution and delivery of this Ground Lease;

NOW, THEREFORE, for and in consideration of the premises, which are expressly made a part hereof, the sum of One Dollar (\$1.00) in hand paid, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and the mutual covenants hereinafter contained, the parties agree as follows:

ARTICLE I DEFINITIONS

All words and phrases defined in Article I of the Lease Agreement dated as of December 1, 2017 by and between the County and the Authority (the "Lease Agreement") shall have the same meaning in this Ground Lease.

ARTICLE II DEMISING CLAUSES

The County hereby leases to the Authority, and the Authority leases from the County, for the benefit and on behalf of the Bond Owners, the Leased Premises, subject only to Permitted Encumbrances, in accordance with the provisions of this Ground Lease, to have and to hold for the term of this Ground Lease, for valuable consideration which is hereby acknowledged. It is intended that no merger of the leasehold estates of the County shall occur by

operation of law by the leasing of the Leased Premises to the County pursuant to the Lease Agreement.

ARTICLE III QUIET ENJOYMENT

The parties intend that the Leased Premises will be leased back to the County pursuant to the Lease Agreement for the term thereof. It is further intended that, to the extent provided herein and in the Lease Agreement, if an Event of Default occurs under the Lease Agreement, the Authority, or its assignee, will have the right, for the then remaining term of this Ground Lease, to sublease the Leased Premises. Subject to any rights the County may have under the Lease Agreement (in the absence of an Event of Default) to possession and enjoyment of the Leased Premises, the County hereby covenants and agrees that it will not take any action to prevent the Authority from having quiet and peaceable possession and enjoyment of the Leased Premises during the term hereof and will, at the request of the Authority and at the County's cost, to the extent that it may lawfully do so, join in any legal action in which the Authority asserts its right to such possession and enjoyment.

ARTICLE IV SPECIAL COVENANTS

Section 4.01 Waste. The Authority agrees that at all times that it is in possession of the Leased Premises, it will not commit, suffer or permit any waste on the Leased Premises, and that it will not willfully or knowingly use or permit the use of the Leased Premises for any illegal purpose or act.

Section 4.02 Further Assurances and Corrective Instruments. The County and the Authority agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Leased Premises hereby leased or intended so to be or for carrying out the expressed intention of this Ground Lease and the Lease Agreement.

Section 4.03 Environmental Compliance.

(a) The County has, after due inquiry, no knowledge and has not given or received any written notice indicating that the Leased Premises or the past or present use thereof or any practice, procedure or policy employed by it in the conduct of its business materially violates any applicable law, regulation, code, order, rule, judgment or consent agreement, including, without limitation, those relating to zoning, building, use and occupancy, fire safety, health, sanitation, air pollution, ecological matters, environmental protection, hazardous or toxic materials, substances or wastes, conservation, parking, architectural barriers to the handicapped, or restrictive covenants or other agreements affecting title to the Leased Premises (collectively, "Laws and Regulations"). Without limiting the generality of the foregoing, neither the County nor to the best of its knowledge, after due inquiry, any prior or present owner, tenant or subtenant of any of the Leased Premises has, other than as set forth in subsections (b) and (c) of this Section

or as may have been remediated in accordance with Laws and Regulations, (i) used, treated, stored, transported or disposed of any material amount of flammable explosives, polychlorinated biphenyl compounds, heavy metals, chlorinated solvents, cyanide, radon, petroleum products, asbestos or any Asbestos Containing Materials, methane, radioactive materials, pollutants, hazardous materials, hazardous wastes, hazardous, toxic, or regulated substances or related materials, as defined in CERCLA, RCRA, CWA, CAA, TACA and Title III, and the regulations promulgated pursuant thereto, and in all other Environmental Regulations applicable to the County, any of the Leased Premises or the business operations conducted by the County thereon (collectively "Hazardous Materials") on, from or beneath its Leased Premises, (ii) pumped, spilled, leaked, disposed of, emptied, discharged or released (hereinafter collectively referred to as "Release") any material amount of Hazardous Materials on, from or beneath the Leased Premises, or (iii) stored any material amount of petroleum products at the Leased Premises in underground storage tanks.

(b) Excluded from the representations and warranties in subsection (a) hereof with respect to Hazardous Materials are those Hazardous Materials in those amounts ordinarily found in the inventory of or used in the operations of a facility, the use, treatment, storage, transportation and disposal of which has been and shall be in compliance with all Laws and Regulations.

(c) No Leased Premises are located in an area of high potential incidence of radon gas, or has an unventilated basement or subsurface portion which is occupied or used for any purpose other than the foundation or support of the improvements to such Leased Premises.

(d) The Authority shall not use or permit the Leased Premises or any part thereof to be used to generate, manufacture, refine, treat, store, handle, transport or dispose of, transfer, produce or process Hazardous Materials, except, and only to the extent, if necessary to maintain the improvements on the Leased Premises and then, only in compliance with all Environmental Regulations, and any state equivalent laws and regulations, nor shall it permit, as a result of any intentional or unintentional act or omission on its part or by any tenant, subtenant, licensee, guest, invitee, contractor, employee and agent, the storage, transportation, disposal or use of Hazardous Materials or the Release or threat of Release of Hazardous Materials on, from or beneath the Leased Premises or onto any other property excluding, however, those Hazardous Materials in those amounts ordinarily found in the inventory of or used in the operation of a facility, the use, storage, treatment, transportation and disposal of which shall be in compliance with all Environmental Regulations. Upon the occurrence of any Release or threat of Release of Hazardous Materials, the Authority shall promptly commence and perform, or cause to be commenced and performed promptly, without cost to the County, all investigations, studies, sampling and testing, and all remedial removal and other actions necessary to clean up and remove all Hazardous Materials so Released, on, from or beneath the Leased Premises or other property, in compliance with all Environmental Regulations. Notwithstanding anything to the contrary contained herein, underground storage tanks shall only be permitted subject to compliance with subsection (d) and only to the extent necessary to maintain the improvements on the Leased Premises.

(e) The Authority shall comply with, and shall use its best efforts to assure that its tenant's subtenants, agents, licensees, employees, contractors, and agents comply with, all Environmental Regulations and shall keep the Leased Premises free and clear; provided, however, that notwithstanding that a portion of this covenant is limited to the Authority's use of its best efforts, the Authority shall remain solely responsible for ensuring such compliance and such limitation shall not diminish or affect in any way the Authority's obligations contained in subsection (c) hereof as provided in subsection (c) hereof. Upon receipt of any notice from any person with regard to the Release of Hazardous Materials on, from or beneath the Leased Premises, the Authority shall give prompt written notice thereof to the Insurer (and, in any event, prior to the expiration of any period in which to respond to such notice under any Environmental Regulation).

(f) Irrespective of whether any representation or warranty contained in this Section is not true or correct, the Authority shall defend, indemnify and hold harmless the County, the holders of Bonds, the Trustee, its partners, and each of its and their employees, agents, officers, directors, trustees, successors and assigns, from and against any claims, demands, penalties, fines, attorneys' fees (including, without limitation, attorneys' fees incurred to enforce the indemnification), consultants' fees, investigation and laboratory fees, liabilities, settlements (five Business Days' prior notice of which the County or Trustee, as appropriate, shall have delivered to the Authority), court costs, damages, losses, costs or expenses of whatever kind or nature, known or unknown, contingent or otherwise, occurring in whole or in part, arising out of, or in any way related to (i) the presence, disposal, Release, threat of Release, removal, discharge, storage or transportation of any Hazardous Materials on, from or beneath the Leased Premises, (ii) any personal injury (including wrongful death) or property damage (real or personal) arising out of or related to such Hazardous Materials, (iii) any lawsuit brought or threatened, settlement reached (five Business Days' prior notice of which the County or the Trustee, as appropriate, shall have delivered to the Authority), or governmental order relating to Hazardous Materials on, from or beneath any of the Leased Premises, (iv) any violation of Environmental Regulations or subsection (a) or (b) or (e) hereof by it or any of its agents, tenants, employees, contractors, licensees, guests, subtenants or invitees, and (v) the imposition of any governmental lien for the recovery of environmental cleanup or removal costs. To the extent that the Authority is strictly liable under any Environmental Regulation, its obligation to the holders of Bonds and the Insurer and other indemnitees under the foregoing indemnification shall likewise be without regard to fault on its part with respect to the violation of any Environmental Regulation which results in liability to any indemnitee. Its obligations and liabilities under this Section shall survive any remedy of the security interest in the Leased Premises and the satisfaction of all Bonds.

(g) The Authority shall conform to and carry out a reasonable program of maintenance and inspection of all underground storage tanks, and shall maintain, repair, and replace such tanks only in accordance with Laws and Regulations, including but not limited to Environmental Regulations.

ARTICLE V
ASSIGNMENT, SUBLEASING, MORTGAGING AND SELLING

Section 5.01 Assignment and Subleasing. This Ground Lease may be assigned and the Leased Premises subleased, as a whole or in part, by the Authority, without the necessity of obtaining the consent of the County, if an Event of Default occurs under the Lease Agreement. The Authority shall within thirty (30) days after such an assignment or sublease, furnish or cause to be furnished to the County a true and correct copy of such assignment or sublease, as the case may be.

The Authority may assign any of its rights hereunder to the Trustee appointed pursuant to the Indenture of Trust.

Section 5.02 Restrictions on County. The County, as Lessor hereunder, agrees that it will not mortgage, sell, encumber, assign, transfer or convey the Leased Premises or any portion thereof during the term of this Ground Lease.

ARTICLE VI
TERM

The term of this Ground Lease shall commence as of the date hereof and shall remain in full force and effect from such date to and including [May 1, 2048]; provided, however, that this Ground Lease shall be terminated ten business days subsequent to either of the following dates:

(a) The date on which the County exercises its option to prepay the Lease Payments and prepay all lease payments for the Leased Premises pursuant to Article IV of the Lease Agreement by paying the then applicable Option Price as set forth in the Lease Agreement; or

(b) If no Event of Default has occurred under the Lease Agreement, the last day of the Term of the Lease Agreement, provided the County has paid to the Authority, or its assignee, all Lease Payments, Miscellaneous Rent and other payments which may be due under the Lease Agreement during the entire Lease Term of the Lease Agreement;

Provided, further, that if on May 1, ____, any Bond is still Outstanding, the term of this Ground Lease shall be extended until 10 days after payment in full of all the Bonds, but in no event later than ten (10) years from the date of final maturity of the Bonds.

ARTICLE VII
MISCELLANEOUS

Section 7.01 Binding Effect. This Ground Lease shall inure to the benefit of and shall be binding upon the County, the Authority and their respective successors and assigns.

Section 7.02 Severability. In the event any provision of this Ground Lease shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 7.03 Amendments, Changes and Modifications. This Ground Lease may not be effectively amended, changed, modified, altered or terminated without the written agreement of both parties hereto.

Section 7.04 Execution in Counterparts. This Ground Lease may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 7.05 Applicable Law. This Ground Lease shall be governed by and construed in accordance with the laws of the State of California.

Section 7.06 Captions. The captions or headings in this Ground Lease are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Ground Lease.

(Signature page follows)

IN WITNESS WHEREOF, the County has caused this Ground Lease to be executed in its corporate name with its corporate seal hereunto affixed and attested by its duly authorized officers, and the Authority has executed this Ground Lease in its corporate name with its corporate seal hereunto affixed and attested by its duly authorized officers. All of the above occurred as of the date first above written.

COUNTY OF RIVERSIDE, as Lessor

By: _____
Chairman, Board of Supervisors

[SEAL]

ATTEST:

Clerk of the Board of Supervisors

RIVERSIDE COUNTY INFRASTRUCTURE
FINANCING AUTHORITY, as Lessee

By: _____
Authorized Signatory

[SEAL]

ATTEST:

Assistant Secretary

*-Signature Page-
Ground Lease Agreement
between County and Authority*

EXHIBIT A

DESCRIPTION OF LEASED PREMISES

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
)
COUNTY OF _____)

On _____, before me, _____, a Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

(Seal)

Recording requested by
and return to:

Best Best & Krieger LLP (KAB)
P.O. Box 1028
Riverside, CA 92502

THIS TRANSACTION IS EXEMPT FROM CALIFORNIA DOCUMENTARY TRANSFER TAX PURSUANT TO SECTION 11929 OF THE CALIFORNIA REVENUE AND TAXATION CODE. THIS DOCUMENT IS EXEMPT FROM RECORDING FEES PURSUANT TO SECTION 27383 OF THE CALIFORNIA GOVERNMENT CODE.

GROUND LEASE AGREEMENT

RIVERSIDE COUNTY INFRASTRUCTURE FINANCING AUTHORITY
2017 LEASE REVENUE BONDS
(COUNTY OF RIVERSIDE CAPITAL PROJECTS)

Dated as of December 1, 2017

by and between

THE ANIMAL FRIENDS OF THE VALLEYS, INC., as Lessor

and

RIVERSIDE COUNTY INFRASTRUCTURE FINANCING AUTHORITY, as Lessee

GROUND LEASE AGREEMENT

This GROUND LEASE AGREEMENT (this "Ground Lease") dated as of December 1, 2017 is made and entered into by and between ANIMAL FRIENDS OF THE VALLEYS, INC. (the "AFV"), a non-profit corporation duly organized and existing under and by virtue of the laws of the State of California, as lessor, and the RIVERSIDE COUNTY INFRASTRUCTURE FINANCING AUTHORITY (the "Authority"), a joint powers authority duly organized and existing under and by virtue of the laws of the State of California, as lessee.

WITNESSETH

WHEREAS, the AFV has leased from Elsinore Valley Municipal Water District ("EVMWD") real property described in Exhibit A attached hereto (the "Site") pursuant to an Amended and Restated Site Lease between Elsinore Valley Municipal Water District and AFV, dated December 28, 2006, as amended and supplemented (the "AFV Lease"); and

WHEREAS, the Board of the Authority has determined that it is in the best interests of the Authority, and for the common benefit of the members of the Authority, to refinance an animal shelter to be operated by AFV by subleasing the Site hereunder to the Authority; and

WHEREAS, the Authority is authorized by Section 6588 of the Government Code of the State of California to take leasehold title to the Site as lessee and has duly authorized the execution and delivery of this Ground Lease; and

WHEREAS, the AFV is authorized to lease the Site, and facilities thereon (the "Facilities") as lessor and has duly authorized the execution and delivery of this Ground Lease;

NOW, THEREFORE, for and in consideration of the premises, which are expressly made a part hereof, the sum of One Dollar (\$1.00) in hand paid, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and the mutual covenants hereinafter contained, the parties agree as follows:

ARTICLE I DEFINITIONS

Except as otherwise provided herein, all words and phrases defined in Article I of the Lease Agreement dated as of December 1, 2017 by and between the Authority and the County of Riverside (the "Lease Agreement") shall have the same meaning in this Ground Lease.

ARTICLE II DEMISING CLAUSES

AFV leases to the Authority, and the Authority leases from AFV, for the benefit and on behalf of the Bond Owners, the Site and Facilities, subject only to Permitted Encumbrances, in accordance with the provisions of this Ground Lease, to have and to hold for

the Term of this Ground Lease. EVMWD has provided its consent to this Ground Lease and the Lease Agreement pursuant to the provisions of the AFV Lease.

ARTICLE III QUIET ENJOYMENT

The parties intend that the Site and Facilities will be leased to the County pursuant to the Lease Agreement for the Term thereof. It is further intended that, to the extent provided herein and in the Lease Agreement, if an Event of Default occurs under the Lease Agreement, the Authority, or its assignee, will have the right, for the then remaining Term of this Ground Lease, to sublease the Site and Facilities. AFV and the Authority hereby covenant to protect their respective rights under the AFV Lease and this Ground Lease. Subject to any rights the County may have under the Lease Agreement (in the absence of an Event of Default) to possession and enjoyment of the Site and Facilities, AFV hereby covenants and agrees that it will not take any action to prevent the Authority from having quiet and peaceable possession and enjoyment of the Site and Facilities during the term hereof and will, at the request of the Authority and at the Authority's cost, to the extent that it may lawfully do so, join in any legal action in which the Authority asserts its right to such possession and enjoyment.

ARTICLE IV SPECIAL COVENANTS

Section 4.01 Waste. The Authority agrees that at all times that it is in possession of the Site and Facilities, it will not commit, suffer or permit any waste on the Site and Facilities, and that it will not willfully or knowingly use or permit the use of the Site and Facilities for any illegal purpose or act.

Section 4.02 Further Assurances and Corrective Instruments. AFV and the Authority agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Site and Facilities hereby leased or intended so to be or for carrying out the expressed intention of this Ground Lease, the Lease Agreement and the AFV Lease.

Section 4.03 Release and Indemnification Covenants. To the extent authorized by law, the Authority shall and hereby agrees to indemnify and hold AFV, and its respective officers, agents, successors and assigns, harmless from and against all claims, losses and damages, including legal fees and expenses, arising out of (a) the use, maintenance, condition or management of, or from any work or thing done on the Site and Facilities by the Authority; (b) any breach or default on the part of the Authority in the performance of any of its obligations under this Ground Lease; (c) any act or negligence of the Authority or of any of its agents, contractors, servants, employees or licensees with respect to the Site and Facilities; (d) the use, presence, storage, disposal of any Hazardous Substances on or about the Site and Facilities; or (e) any act or negligence of any sublessee of the Authority with respect to the Site and Facilities. No indemnification is made under this Ground Lease Agreement for willful misconduct or negligence under this Lease Agreement by AFV, the Trustee or any of their respective officers, agents, employees, successors or assigns.

ARTICLE V
ASSIGNMENT, SUBLEASING, MORTGAGING AND SELLING

Section 5.01 Assignment and Subleasing. This Ground Lease may be assigned and the Site and Facilities subleased, as a whole or in part, by the Authority to the County of Riverside (the "County") and further sub-leased by the County to any member agency of the Southwest Communities Financing Authority or such cities within the County which participate in the use of the Animal Shelter, without the necessity of obtaining the consent of AFV, if an Event of Default occurs under the Lease Agreement and subject to the limitations of the Lease Agreement and the AFV Lease. The Authority shall within thirty (30) days after such an assignment or sublease, furnish or cause to be furnished to AFV a true and correct copy of such assignment or sublease, as the case may be.

The Authority may assign any of its rights hereunder to the Trustee appointed pursuant to the Trust Agreement.

Section 5.02 Restrictions on AFV. AFV agrees that it will not lease, mortgage, sell, encumber, assign, transfer or convey the Site and Facilities or any portion thereof during the term of this Ground Lease. AFV also agrees to take all actions necessary to avoid a default under AFV Lease.

ARTICLE VI
TERM

Section 6.01 The Term of this Ground Lease shall commence as of the date hereof and shall remain in full force and effect from such date to and including [May 1, 2038]; provided, however, that this Ground Lease shall be terminated ten business days subsequent to either of the following dates:

(a) The date on which the County exercises its option to prepay the Lease Payments and prepay all lease payments for the Site and Facilities pursuant to Section 4.05 of the Lease Agreement by paying the then applicable Prepayment Price as set forth in the Lease Agreement; or

(b) If no Event of Default has occurred under the Lease Agreement, the last day of the Term of the Lease Agreement, provided the County has paid to the Authority, or its assignee, all Lease Payments, Miscellaneous Rent and other payments which may be due under the Lease Agreement during the entire Lease Term of the Lease Agreement;

Provided, further, that if on [May 1, 2038], any Bond is still outstanding, the term of this Ground Lease shall be extended until 10 days after payment in full of all the Bonds, but in no event later than ten (10) years from the date of final maturity of the Bonds.

Section 6.02 Upon the termination of this Ground Lease, the County and the Authority shall have no further interest in the Site and Facilities. The Authority agrees to take such necessary action to cause clear title to Site and Facilities thereon to be in the name of AFV.

**ARTICLE VII
MISCELLANEOUS**

Section 7.01 Binding Effect. This Ground Lease shall inure to the benefit of and shall be binding upon AFV, the Authority and their respective successors and assigns.

Section 7.02 Severability. In the event any provision of this Ground Lease shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 7.03 Amendments, Changes and Modifications. This Ground Lease may not be effectively amended, changed, modified, altered or terminated without the written agreement of both parties hereto.

Section 7.04 Execution in Counterparts. This Ground Lease may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 7.05 Applicable Law. This Ground Lease shall be governed by and construed in accordance with the laws of the State of California.

Section 7.06 Captions. The captions or headings in this Ground Lease are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Ground Lease.

(Signature page follows)

IN WITNESS WHEREOF, AFV has caused this Ground Lease to be executed in its corporate name and attested by its duly authorized officers, and the Authority has executed this Ground Lease in its name. All of the above occurred as of the date first above written.

ANIMAL FRIENDS OF THE VALLEYS, INC.,
as lessor

By: _____
President

ATTEST:

Secretary

RIVERSIDE COUNTY INFRASTRUCTURE
FINANCING AUTHORITY

By: _____
Chairman

*-Signature page-
Ground Lease Agreement*

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
)
COUNTY OF _____)

On _____, before me, _____, a Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

(Seal)

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
)
COUNTY OF _____)

On _____, before me, _____, a Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

(Seal)

AGENCY AGREEMENT

RIVERSIDE COUNTY INFRASTRUCTURE FINANCING AUTHORITY
2018 LEASE REVENUE BONDS, SERIES A
(COUNTY OF RIVERSIDE CAPITAL PROJECTS)

Dated as of December 1, 2017

by and between

RIVERSIDE COUNTY INFRASTRUCTURE FINANCING AUTHORITY

and

COUNTY OF RIVERSIDE

AGENCY AGREEMENT

THIS AGENCY AGREEMENT is made and entered into as of the 1st day of December 1, 2017 by and between the RIVERSIDE COUNTY INFRASTRUCTURE FINANCING AUTHORITY, a joint powers agency duly organized and existing under and by virtue of the laws of the State of California (the "Authority") and the COUNTY OF RIVERSIDE, a county, duly organized and existing under and by virtue of the laws of the State of California (the "County").

WITNESSETH

WHEREAS, the Authority and the County have entered into a Lease Agreement (the "Lease Agreement"), dated as of the date hereof, whereby the Authority agrees to lease various public facilities to the County and to construct certain improvements thereon (the "Project") described in Exhibit A attached hereto; and

WHEREAS, it is in the interests of the Authority and the County that the Authority appoint the County as its agent for the purposes of the acquisition, construction and installation of the Project, and the Authority has agreed in the Lease Agreement to appoint the County as its agent for such purposes.

COVENANTS

NOW, THEREFORE, in consideration of the mutual covenants herein contained and for other valuable consideration, the parties agree as follows:

Section 1. Definitions. All words and phrases defined in Article I of the Lease Agreement shall have the same meaning in this Agency Agreement.

Section 2. Appointment of County. The Authority hereby appoints the County as its agent to carry out all phases of the acquisition, construction, installation and maintenance of the Project and the County, as agent of the Authority, assumes all rights, duties, responsibilities and liabilities of the Authority regarding the acquisition, construction, installation and maintenance of the Project, except as limited herein. The appointment by the Authority of the County as its agent as provided in this Section and the acceptance by the County of such appointment results in the assumption by the County of duties, responsibilities and liabilities which are separate and apart from its duties, responsibilities and liabilities under the Lease Agreement, and such assumption does not include or transfer to the County any of the rights or obligations of the Authority under the Lease Agreement which have been assigned by the Authority to the Trustee pursuant to the Indenture.

Section 3. Contracts and Payments. The County, as agent of the Authority, may enter into any purchase order, construction management agreement, architecture or engineering contract or construction contract required for the design, construction, installation and completion of the Project upon being assured that moneys sufficient for the payment thereof are then on deposit in the Project Fund established pursuant to Section 3.04 of the Indenture. In the

event that moneys on hand in the Project Fund are insufficient to complete the Project, then the Authority shall use its lawfully available funds to complete the Project.

Section 4. Description of Project. The County, as agent of the Authority, shall have the right to make any changes in the description of the Project or of any component thereof whenever the County deems such changes to be necessary and appropriate; provided that any such change shall not alter the essential nature of the Project or impair the ability of the County to make Lease Payments under the Lease Agreement, and that an increase in the Construction Costs shall not result from such change, unless the Authority deposits in the Project Fund an amount sufficient to pay such increase.

Section 5. Supervision of Construction and Installation. The County, as agent of the Authority, shall have sole responsibility for and shall supervise construction of the Project and the purchase and installation of any personal property constituting a part of the Project. The County shall monitor the performance by any construction manager and by the construction contractors to the extent the County deems appropriate. The County shall permit the Authority, or its assignee, to inspect construction at any and all reasonable times which are deemed appropriate by the Authority, or its assignee.

Section 6. Enforcement of Contracts. The Authority hereby assigns to the County all rights and powers to enforce in its own name or the name of the Authority such purchase orders or contracts as are required for design, construction, purchase and completion of the Project, which enforcement may be at law or in equity; provided that the assignment made by the Authority herein shall not prevent the Authority, or its assignee, from asserting such rights and powers in its own behalf.

Section 7. Limited Obligation. The Authority shall not be responsible for providing, nor shall it or the Trustee provide from the proceeds of the Bonds, for the payment of Project Costs in an amount greater than the amount of said proceeds and other funds to be deposited by the Trustee in the Project Fund pursuant to the Indenture.

Section 8. Inspection of Records. The Authority shall have the right to inspect periodically the books and records of the County relating to the design, acquisition, construction and installation of the Project, and the County shall permit the Authority to make such inspections thereof at all reasonable times as the Authority shall deem appropriate.

Section 9. Time of Completion. The acquisition, construction and installation of the Project shall be completed on or prior to _____. The County shall assure that all construction contracts or the construction management agreement, whichever the County deems appropriate, shall contain a provision for liquidated damages in a manner to be determined by the County.

Section 10. Plans and Specifications. The County agrees that it will assure that the Project will be acquired, constructed and installed in accordance with final plans and specifications approved by the Authority. No changes or modifications which require an amendment to a pre-existing building permit shall be made in or to the final plans and specifications unless such changes or modifications are approved in writing by the County.

Upon completion of construction and installation of the Project, the County will assure that there is filed with the Trustee a certificate of completion executed by the County Representative and stating that such construction and installation has been completed in accordance with the plans and specifications therefor approved by the County.

Section 11. Prevailing Wages. Each contract entered into between the County, as the agent for the Authority, and any contractor shall provide that such contractor shall pay not less than the general prevailing rate of wages as determined in accordance with Sections 1770 *et seq.* of the Labor Code.

Section 12. Nondiscrimination. Each contract entered into between the County, as the agent for the Authority, and any contractor shall provide that such contractor shall not discriminate against any other contractor or any employee or applicant for employment because of the race, religious creed, color, national origin or sex of such person, unless based upon a bona fide occupational qualification. In addition, in selecting contractors or in employing persons for the purposes of construction or construction management, the County shall not discriminate on the basis of race, religious creed, color, national origin, or sex of such person, unless based upon a bona fide occupational qualification.

Section 13. Performance Security. Each construction contractor hired by the County, on behalf of the Authority, shall be required to provide payment and performance bonds in amounts equal to the maximum price under its contract.

Section 14. Binding Effect. This Agreement shall inure to the benefit of and shall be binding upon the Authority, the County and their respective successors and assigns.

Section 15. Severability. In the event any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 16. Amendments, Changes and Modifications. This Agreement may not be effectively amended, changed, modified, altered or terminated without the written agreement of both parties hereto.

Section 17. Execution in Counterparts. This Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 18. Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

Section 19. Headings. The captions or headings in this Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Agreement.

Section 20. Notices. Any notices or filings required to be given or made under this Agreement shall be served, given or made in writing upon the County by personal delivery or registered mail addressed to:

County of Riverside
County Executive Office
4080 Lemon Street, 4th Floor
Riverside, CA 92501-3679
Attention: Deputy County Executive Officer

and upon the Authority by personal delivery or registered mail addressed to:

Riverside County Infrastructure Financing Authority
c/o County Executive Office
4080 Lemon Street, 4th Floor
Riverside, CA 92501-3679
Attention: Executive Director

or at such other place as may be designated by either party in writing.

IN WITNESS WHEREOF, the County has caused this Agreement to be executed by its officers, and the Authority has caused this Agreement to be executed by its authorized officer, all as of the day and year first above written.

COUNTY OF RIVERSIDE

By: _____
County Executive Officer

ATTEST:

Clerk of the County Board of Supervisors

RIVERSIDE COUNTY INFRASTRUCTURE
FINANCING AUTHORITY

By: _____
Chairperson

EXHIBIT A

USE OF PROCEEDS OF THE BONDS

COSTS	Estimated Budget	Percentage
--------------	-------------------------	-------------------

SUB-LEASE AGREEMENT

Dated as of _____, _____

by and between the

COUNTY OF RIVERSIDE,
as Sub-lessor

and the

CITY OF _____,
as Sub-lessee

Relating to
\$ _____
Riverside County Infrastructure Financing Authority
2018 Lease Revenue Bonds
Series A
(County of Riverside Capital Project)

SUB-LEASE AGREEMENT

THIS SUB-LEASE AGREEMENT (this “Sub-Lease Agreement”), dated as of _____, _____, is by and between the COUNTY OF RIVERSIDE, a division of the State organized and existing under the laws of the State of California, as Sub-lessor (the “County”), and the City of _____ a municipal corporation organized and existing under the laws of the State, as sub-lessee (the “City”);

WITNESSETH:

WHEREAS, the Southwest Communities Financing Authority (the “Authority”) is a joint powers authority duly organized and existing under and pursuant to that certain Joint Exercise of Powers Agreement dated as of November 30, 2004, as amended (the “Joint Exercise of Powers Agreement”) executed by and among the County, the City of Canyon Lake, the City of Lake Elsinore, the City of Murrieta, City of Wildomar and the City of Temecula (together, the “Member Agencies”); and

WHEREAS, the County has entered into a lease agreement for the purpose of refinancing the Animal Shelter located at 33751 Mission Trail, Lake Elsinore, California (the “Leased Premises”); and

WHEREAS, the County is subleasing a portion of the Leased Premises to the City pursuant to this Sub-Lease in consideration for the City’s proportionate use and occupancy of the Leased Premises; and

WHEREAS, the Authority shall lease the Leased Premises to the County for the purpose (among others) of operating an animal shelter and the rent thereon shall provide amounts sufficient to pay the principal of and interest on the bonds secured by the lease that the County has entered into, or the refinancing bonds thereof; and

WHEREAS, all conditions to the execution and delivery of this Sub-Lease Agreement have been satisfied and the County and the City are duly authorized to execute and deliver this Sub-Lease Agreement;

NOW, THEREFORE, for and in consideration of the premises and the material covenants hereinafter contained, the parties hereto hereby formally covenant, agree and bind themselves as follows:

ARTICLE I DEFINITIONS AND EXHIBITS

Section 1.01 Definitions. Unless the context clearly otherwise requires or unless otherwise defined herein, the capitalized terms in this Sub-Lease Agreement shall have the respective meanings specified in Section 1.01 of the Lease Agreement, dated as of December 1, 2017 (the “Lease Agreement”) and Section 1.01 of the Indenture of Trust, dated December 1, 2017 (the “Indenture”).

Section 1.02 Exhibits. The following exhibits are attached to, and by this reference made a part of, this Sub-Lease Agreement.

Exhibit A: Description of the Leased Premises.

ARTICLE II REPRESENTATIONS, COVENANTS AND WARRANTIES

Section 2.01 Representations, Covenants and Warranties of the City. The City makes the following covenants, representations and warranties to the County as of the date of the execution and delivery of this Sub-Lease Agreement:

(a) Due Organization and Existence. The City is a municipal corporation duly organized and validly existing under the laws of the State, has full legal right, power and authority under the laws of the State to enter into this Sub-Lease Agreement and to carry out and consummate all transactions contemplated hereby and thereby, and by proper action the City has duly authorized the execution and delivery of this Sub-Lease Agreement.

(b) Due Execution. The representatives of the City executing this Sub-Lease Agreement have been fully authorized to execute the same pursuant to a resolution duly adopted by the City Council.

(c) Valid, Binding and Enforceable Obligations. This Sub-Lease Agreement has been duly authorized, executed and delivered by the City and constitutes the legal, valid and binding agreement of the City enforceable against the City in accordance with the terms hereof.

(d) No Conflicts. The execution and delivery of this Sub-Lease Agreement, the consummation of the transactions herein contemplated and the fulfillment of or compliance with the terms and conditions hereof, do not and will not conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any indenture, mortgage, deed of trust, lease, contract or other agreement or instrument to which the City is a party or by which it or its properties are otherwise subject or bound, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the City, which conflict, violation, breach, default, lien, charge or encumbrance would have consequences that would materially and adversely affect the consummation of the transactions contemplated by this Sub-Lease Agreement or the financial condition, assets, properties or operations of the City.

(e) Consents and Approvals. No consent or approval of any trustee or holder of any indebtedness of the City or of the voters of the City, and no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority is necessary in connection with the execution and delivery of this Sub-Lease Agreement, or the consummation of any transaction herein contemplated, except as have been obtained or made and as are in full force and effect.

(f) No Litigation. There is no action, suit, proceeding, inquiry or investigation before or by any court or federal, state, municipal or other governmental authority pending or, to the

knowledge of the City after reasonable investigation, threatened against or affecting the City or the assets, properties or operations of the City which, if determined adversely to the City or its interests, would have a material and adverse effect upon the consummation of the transactions contemplated by or the validity of this Sub-Lease Agreement, or upon the financial condition, assets, properties or operations of the City, and the City is not in default with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other governmental authority, which default might have consequences that would materially and adversely affect the consummation of the transactions contemplated by this Sub-Lease Agreement or the financial conditions, assets, properties or operations of the City.

(g) Essentiality. The Leased Premises and Facilities constitute property that is essential to carrying out the governmental functions of the City.

Section 2.02 Representations, Covenants and Warranties of County. The County makes the following covenants, representations and warranties to the City as of the date of the execution and delivery of this Sub-Lease Agreement:

(a) Due Organization and Existence. The County is a division of the State duly organized and existing under and by virtue of the laws of the State; has power to enter into this Sub-Lease Agreement and the Lease Agreement; is possessed of full power to own and hold, improve and equip real and personal property, and to lease the same; and has duly authorized the execution and delivery of each of the aforesaid agreements and such agreements constitute the legal, valid and binding agreements of the County, enforceable against the County in accordance with their respective terms.

(b) Due Execution. The representatives of the County executing this Sub-Lease Agreement and the Lease Agreement are fully authorized to execute the same pursuant to official action taken by the Board of Supervisors of the County.

(c) Valid Binding and Enforceable Obligations. This Sub-Lease Agreement and the Lease Agreement have been duly authorized, executed and delivered by the County and constitute the legal, valid and binding agreements of the County, enforceable against the County in accordance their respective terms.

(d) No Conflicts. The execution and delivery of this Sub-Lease Agreement and the Lease Agreement, the consummation of the transactions herein contemplated and the fulfillment of or compliance with the terms and conditions hereof and thereof, do not and will not conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any indenture, mortgage, deed of trust, lease, contract or other agreement or instrument to which the County is a party or by which it or its properties are otherwise subject or bound, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the County, which conflict, violation, breach, default, lien, charge or encumbrance would have consequences that would materially and adversely affect the consummation of the transactions contemplated by this Sub-Lease Agreement and the Lease Agreement or the financial condition, assets, properties or operations of the County.

(e) Consents and Approvals. No consent or approval of any trustee or holder of any indebtedness of the County, and no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority is necessary in connection with the execution and delivery of this Sub-Lease Agreement or the Lease Agreement, or the consummation of any transaction herein or therein contemplated, except as have been obtained or made and as are in full force and effect.

(f) No Litigation. There is no action, suit, proceeding, inquiry or investigation before or by any court or federal, state, municipal or other governmental Authority pending or, to the knowledge of the County after reasonable investigation, threatened against or affecting the County or the assets, properties or operations of the County which, if determined adversely to the County or its interests, would have a material and adverse effect upon the consummation of the transactions contemplated by or the validity of this Sub-Lease Agreement or the Lease Agreement, or upon the financial condition, assets, properties or operations of the County, and the County is not in default with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other governmental authority, which default might have consequences that would materially and adversely affect the consummation of the transactions contemplated by this Sub-Lease Agreement or the Lease Agreement or the financial conditions, assets, properties or operations of the County.

**ARTICLE III
[RESERVED]**

**ARTICLE IV
LEASE; TERM OF THIS LEASE AGREEMENT; RENTAL PAYMENTS**

Section 4.01 Lease by Authority and Lease to County.

(a) For consideration described therein, Animal Friends of the Valleys has leased to the Riverside County Infrastructure Financing Authority, pursuant to a Ground Lease dated as of _____, 2017, the Leased Premises until May 1, 2038, plus such extended time as may be needed, not to exceed 10 years.

(b) For consideration described therein, the Riverside County Infrastructure Financing Authority has leased the Leased Premises to the County, and the County has leased the Leased Premises from the Riverside County Infrastructure Financing Authority, upon the terms and conditions set forth in a Lease Agreement.

(c) The County hereby leases the Leased Premises to the City, and the City hereby leases the Leased Premises from the County, upon the terms and conditions set forth in this Sub-Lease Agreement.

(d) The City hereby takes possession of its proportionate share of the Leased Premises on the Closing Date.

(e) The Lease is and shall be subject and subordinate in all respects to the rights and interests assigned to the Riverside County Infrastructure Financing Authority (the "Authority") under the Lease Agreement, as such may be amended, supplemented or modified.

Section 4.02 Term of Lease Agreement. The Term of this Sub-Lease Agreement shall be commensurate with the Term of the Leased Agreement and this Sub-Lease Agreement, and shall terminate upon the earlier of the final date of the Term of this Sub-Lease Agreement or the date that Lease Payments due hereunder shall have been paid or made available for payment pursuant to this Sub-Lease Agreement.

Section 4.03 Lease Payments; Security Deposit.

(a) Obligation to Pay. In consideration of the Sub-Lease by the County of the Leased Premises and in consideration of the issuance of bonds by the Riverside County Infrastructure Financing Authority for the purpose of refinancing the Animal Shelter, and subject to the provisions of Sections 6.01 and 6.03 of the Lease Agreement, the City agrees to pay to the County, its successors and assigns, as rental for the use and occupancy of the Leased Premises during each Fiscal Year, the Lease Payments for the use of the Leased Premises to be due and payable on August 1 of each year of the Term of this Sub-Lease. The Lease Payments coming due and payable in any Fiscal Year shall be for the City's use of the Leased Premises for such Fiscal Year as determined by the Authority and the County. The Lease Payments due hereunder shall be the City's percentage of animals housed in the Facilities for the previous calendar year in relation to the total number of animals housed in the Facilities for the previous calendar year multiplied by the total Lease Payment due by the County under the Lease Agreement.

(b) [Reserved]

(c) Rate on Overdue Payments. In the event the City should fail to make any of the payments required in this Section 4.03, the payment in default shall continue as an obligation of the City until the amount in default shall have been fully paid, and the City agrees to pay the same with interest thereon, to the extent permitted by law, from the date of default to the date of payment at the rate per annum equal to the average interest rate on the Bonds. Such interest, if received, shall be deposited by the County in the Bond Fund.

(d) Fair Rental Value. The Lease Payments and Miscellaneous Rent coming due and payable hereunder in each Fiscal Year shall constitute the total rental for the Leased Premises for each Fiscal Year and shall be paid by the City in each Fiscal Year for and in consideration of the right of the use and occupancy of, and the continued quiet use and enjoyment of, the Leased Premises during each Fiscal Year. The parties hereto have agreed and determined that the total amount of such Lease Payments and Miscellaneous Rent for the Leased Premises do not exceed the fair rental value of the Leased Premises. In making such determination, consideration has been given to the obligations of the parties under this Sub-Lease Agreement, the uses and purposes which may be served by the Leased Premises and the benefits therefrom which will accrue to the City and the general public.

(e) Source of Payments; Budget and Appropriation. The Lease Payments shall be payable from any source of available funds of the City. The City covenants to take such action as may be necessary to include all Lease Payments and Miscellaneous Rent due hereunder in each of its budgets during the Term of this Sub-Lease Agreement and to make the necessary annual appropriations for all such Lease Payments and Miscellaneous Rent. The covenants on the part of the City herein contained shall be deemed to be and shall be construed to be

ministerial duties imposed by law and it shall be the duty of each and every public official of the City to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the City to carry out and perform the covenants and agreements in this Sub-Lease Agreement agreed to be carried out and performed by the City.

The City and the County understand and intend that the obligation of the City to pay Lease Payments and other payments hereunder constitutes a current expense of the City and shall not in any way be construed to be a debt of the City in contravention of any applicable constitutional or statutory limitation or requirement concerning the creation of indebtedness by the County, nor shall anything contained herein constitute a pledge of the general tax revenues, funds or moneys of the City. Lease Payments due hereunder shall be payable only from current funds which are budgeted and appropriated, or otherwise legally available, for the purpose of paying Lease Payments or other payments due hereunder as consideration for use of the Leased Premises during the Fiscal Year for which such funds were budgeted and appropriated or otherwise made legally available for such purpose. This Sub-Lease Agreement shall not create an immediate indebtedness for any aggregate payments which may become due hereunder. The City has not pledged the full faith and credit of the City, the State or any agency or department thereof to the payment of the Lease Payments or any other payments due hereunder, the Bonds or the interest thereon.

(f) Prepayment of Leased Premises. Notwithstanding any other provision of this Sub-Lease Agreement, the City may on any date secure the payment of the Lease Payments in whole by depositing with the County an amount of cash, which is sufficient to pay such Lease Payments for the remaining Term but only for the purpose of withdrawing from the Authority pursuant to the provisions of Section 7(g) of the Joint Exercise of Powers Agreement. The amount of the remaining Lease Payments shall be determined by the County based upon the average of the previous three years of Lease Payments hereunder plus any premium associated with prepayment of Lease Payments by the County pursuant to Section 4.05 of the Lease Agreement.

Section 4.04 Quiet Enjoyment. During the Term of this Sub-Lease Agreement, the Authority shall provide the City with quiet use and enjoyment of the Leased Premises, and the City shall, during such Term, peaceably and quietly have and hold and enjoy the Leased Premises without suit, trouble or hindrance from the County, except as expressly set forth in this Sub-Lease Agreement. The County will, at the request of the City and at the City's cost, join in any legal action in which the City asserts its right to such possession and enjoyment to the extent the County may lawfully do so.

Section 4.05 Title. During the Term of this Sub-Lease Agreement, the City shall hold a leasehold in the Leased Premises, and in any and all additions which comprise fixtures, repairs, replacements or modifications to the Leased Premises, except for those fixtures, repairs, replacements or modifications which are added to the Leased Premises by the City at its own expense and which may be removed without damaging the Leased Premises and except for any items added to the Leased Premises by the City pursuant to this Sub-Lease Agreement. All right, title and interest of the City, the County, and the Authority in and to the Leased Premises shall be transferred to and vested in AFV, after all of Lease Payments and Miscellaneous Rent due hereunder and under the Lease Agreement shall have been paid and the Lease Agreement

shall have been deemed paid. The City agrees to take any and all steps and execute and record any and all documents reasonably required by AFV to consummate any such transfer of title.

Section 4.06 Miscellaneous Rent. In addition to the Lease Payments, the City shall pay when due its proportionate share of the following items of Miscellaneous Rent:

(a) all fees and expenses incurred by the County in connection with or by reason of its leasehold estate in the Leased Premises as and when the same become due and payable;

(b) all reasonable compensation and indemnification to the Trustee pursuant to Section 8.06 of the Indenture for all services rendered under the Indenture and for all reasonable expenses, charges, costs, liabilities, legal fees and other disbursements incurred in and about the performance of its powers and duties under the Indenture;

(c) the reasonable fees and expenses of such accountants, consultants, attorneys and other experts as may be engaged by the County, the Authority or the Trustee to prepare audits, financial statements, reports, opinions or provide such other services required under the Lease Agreement or the Indenture; and

(d) the reasonable out-of-pocket expenses of the County, including the fees charged by the County for its participation in the refinancing of the Animal Shelter, and Authority in connection with the execution and delivery of the Lease Agreement or the Indenture, or in connection with the issuance of the Bonds, including but not limited to amounts payable pursuant to Section 5.11, any compensation and indemnification due to the Insurer and including, but not limited to, any and all expenses incurred in connection with the authorization, issuance, sale and delivery of the Bonds, or incurred by the County and Authority in connection with any litigation which may at any time be instituted involving the Lease Agreement, the Bonds, the Indenture or any of the other documents contemplated hereby or thereby, or otherwise incurred in connection with the administration of the Lease Agreement.

Section 4.07 Substitution or Release of Leased Premises. In the event that the County substitutes or releases all or any portion of the Leased Premises pursuant to Section 4.09 of the Lease, then this Sub-Lease shall be amended by the City and County to conform to the description of real property and facilities thereon which constitute Leased Premises or Substitute Leased Premises under the Lease Agreement, as amended.

ARTICLE V MAINTENANCE; TAXES; INSURANCE; USE LIMITATIONS; AND OTHER MATTERS

Section 5.01 Maintenance, Utilities, Taxes and Assessments. Throughout the Term of the Lease Agreement the County has agreed to pay all improvement, repair and maintenance of the Leased Premises and Facilities. The County has also agreed to pay for or otherwise arrange for the payment of all utility services supplied to the Leased Premises which may include, without limitation, janitor service, security, power, gas, telephone, light, heating, water taxes, all applicable insurance under the Lease Agreement, and all other utility services, and shall pay for or otherwise arrange for the payment of the cost of the repair and replacement of the Leased Premises resulting from ordinary wear and tear or want of care on the part of the

County or any assignee or sub-lessee thereof. The City will reimburse the County the City's proportionate share of the operation and maintenance costs of the Leased Premises and those expenses required under Sections 7(a) – (f) of the Joint Exercise of Powers Agreement. The City waives the benefits of subsections 1 and 2 of Section 1932 of the California Civil Code, but such waiver shall not limit any of the rights of the City under the terms of this Lease Agreement.

Section 5.02 **Liens.** Neither the County nor the City shall, directly or indirectly, create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance or claim on or with respect to any portion of the Leased Premises and Facilities, other than the respective rights of the County and the City as provided herein and other than Permitted Encumbrances. Except as expressly provided in this Article V, the County and the City shall promptly, at their own expense, take such action as may be necessary to duly discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim, for which it is responsible, if the same shall arise at any time. The City shall reimburse the County for any expense incurred by it in order to discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim.

ARTICLE VI
DAMAGE, DESTRUCTION AND EMINENT DOMAIN;
USE OF NET PROCEEDS

Section 6.01 **Damage and Destruction of Leased Premises.** In the event that the Facilities are damaged, destroyed or subject to condemnation pursuant to Article VI of the Lease Agreement, the County shall use the net proceeds of insurance or condemnation award as provided in the Lease Agreement and the Indenture. The County shall provide City with an accounting of the use of such net proceeds to either rebuild or replace the Facilities or pay the principal of and interest on any bonds issued with respect to the Animal Shelter. The City shall continue to make Lease Payments in accordance with Section 4.03(a) hereof, provided, however, that the County shall reduce any Lease Payments payable hereunder in the event that any bonds have been prepaid and redeemed from Net Proceeds in proportion to the City's remaining use of the Facilities to the whole.

ARTICLE VII
[RESERVED]

ARTICLE VIII
ASSIGNMENT, SUBLEASING AND AMENDMENT

Section 8.01 **Assignment by the Authority.** The Authority's rights under the Lease Agreement, including the right to receive and enforce payment of the Lease Payments to be made by the County under the Lease Agreement, have been pledged and assigned to the Trustee for the benefit of the Owners of the Bonds pursuant to the Indenture, to which pledge and assignment the County has consented under the Lease Agreement.

Section 8.02 **Assignment and Subleasing by the City.** This Sub-Lease Agreement may not be assigned by the City. Additionally, the City may not sublease the Leased Premises and Facilities or any portion thereof.

Section 8.03 **Amendment Hereof.** The County and the City may at any time amend or modify any of the provisions of this Sub-Lease Agreement by written agreement and consent of the Authority.

ARTICLE IX
EVENTS OF DEFAULT; REMEDIES

Section 9.01 **Events of Default Defined.** The following shall be "Events of Default" under this Sub-Lease Agreement:

(a) Failure by the City to pay any Lease Payment required to be paid hereunder at the time specified herein.

(b) Failure by the City to make any Miscellaneous Rent payment required hereunder and the continuation of such failure for a period of thirty (30) days.

(c) Failure by the City to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in the preceding clauses (a) or (b), for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied has been given to the City by the County or the Authority; provided, however, that if in the reasonable opinion of the City the failure stated in the notice can be corrected, but not within such sixty (60) day period, such failure shall not constitute an Event of Default if the City shall commence to cure such failure within such sixty (60) day period and thereafter diligently and in good faith shall cure such failure in a reasonable period of time.

(d) The filing by the City of a voluntary petition in bankruptcy, or failure by the City promptly to lift any execution, garnishment or attachment, or adjudication of the City as a bankrupt, or assignment by the City for the benefit of creditors, or the entry by the City into an agreement of composition with creditors, or the approval by a court of competent jurisdiction of a petition applicable to the City in any proceedings instituted under the provisions of applicable federal bankruptcy law, or under any similar acts which may hereafter be enacted.

Section 9.02 **Remedies on Default.** Whenever any Event of Default referred to in Section 9.01 shall have happened and be continuing, it shall be lawful for the County to exercise any and all remedies available pursuant to law or granted pursuant to this Sub-Lease Agreement; provided, however, that notwithstanding anything to the contrary herein, there shall be no right under any circumstances to accelerate the Lease Payments or otherwise declare any Lease Payments not then in default to be immediately due and payable or to terminate this Sub-Lease Agreement or to cause the leasehold interest of the County or the subleasehold interest of the City in the Leased Premises to be sold, assigned or otherwise alienated. Each and every covenant hereof to be kept and performed by the City is expressly made a condition and upon the breach thereof the County may exercise any and all rights of entry and re-entry upon the Leased Premises and Facilities, subject to the provisions of the AFV Lease. In the event of such default and notwithstanding any re-entry by the County, the City shall, as herein expressly provided, continue to remain liable for the payment of the Lease Payments and/or damages for breach of this Sub-Lease Agreement and the performance of all conditions herein contained, and in any

event such rent and damages shall be payable to the County at the time and in the manner as herein provided, to wit:

(a) The City agrees to and shall remain liable for the payment of all Lease Payments and the performance of all conditions herein contained and shall reimburse the County for any deficiency arising out of the re-leasing of the Leased Premises and Facilities, or, in the event the County is unable to relet the Leased Premises and Facilities, then for the full amount of all Lease Payments to the end of the Term of this Sub-Lease Agreement, but said Lease Payments and/or deficiency shall be payable only at the same time and in the same manner as hereinabove provided for the payment of Lease Payments hereunder, notwithstanding such entry or re-entry by the County or any suit in unlawful detainer, or otherwise, brought by the County for the purpose of effecting such re-entry or obtaining possession of the Leased Premises and Facilities or the exercise of any other remedy by the County.

Section 9.03 No Remedy Exclusive. No remedy herein conferred upon or reserved to the County is intended to be exclusive and every such remedy shall be cumulative and shall, except as herein expressly provided to the contrary, be in addition to every other remedy given under this Sub-Lease Agreement or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the County to exercise any remedy reserved to it in this Article IX it shall not be necessary to give any notice, other than such notice as may be required in this Article IX or by law.

Section 9.04 Agreement to Pay Attorneys' Fees and Expenses. In the event either party to this Sub-Lease Agreement should default under any of the provisions hereof and the nondefaulting party should employ attorneys or incur other expenses for the collection of moneys or the enforcement or performance or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party agrees that it will on demand therefor pay to the nondefaulting party the reasonable fees of such attorneys and such other expenses so incurred by the nondefaulting party

Section 9.05 No Additional Waiver Implied by One Waiver. In the event any agreement contained in this Sub-Lease Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

ARTICLE X MISCELLANEOUS

Section 10.01 Notices. All written notices to be given under this Sub-Lease Agreement shall be given by first class mail or personal delivery to the party entitled thereto at its address set forth below, or at such address as the party may provide to the other party in writing from time to time. Notice shall be effective either (a) upon transmission by facsimile transmission or other form of telecommunication; (b) 48 hours after deposit in the United States mail, postage prepaid; or (c) otherwise, upon actual receipt. The Authority, the County, and the

City may, by written notice to the other parties, from time to time modify the address or number to which communications are to be given hereunder.

If to the Authority: Southwest Communities Financing Authority
c/o County Executive Office
4080 Lemon Street, 4th Floor
Riverside, CA 92501-3679
Attention: Program Administrator/Deputy County
Executive Officer

If to the County: County of Riverside
County Executive Officer
4080 Lemon Street, 4th Floor
Riverside, CA 92501-3679
Attention: Deputy County Executive Officer

If to the City:

Section 10.02 Binding Effect. This Sub-Lease Agreement shall inure to the benefit of and shall be binding upon the City and the County and their respective successors and assigns.

Section 10.03 Severability. In the event any provision of this Sub-Lease Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 10.04 Net-net-net Lease. This Sub-Lease Agreement shall be deemed and construed to be a "net-net-net lease" and the City hereby agrees that the Lease Payments shall be an absolute net return to the County, free and clear of any expenses, charges or set-offs whatsoever.

Section 10.05 Further Assurances and Corrective Instruments. The City and the County agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Leased Premises hereby leased or intended so to be or for carrying out the expressed intention of this Sub-Lease Agreement.

Section 10.06 Execution in Counterparts. This Sub-Lease Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 10.07 Applicable Law. This Sub-Lease Agreement shall be governed by and construed in accordance with the laws of the State.

Section 10.08 **Authorized Representatives.** Whenever under the provisions of this Sub-Lease Agreement the approval of the City or the County is required, or the City or the County is required to take some action at the request of the other, such approval or such request shall be given for the City by an Authorized Representative of the City and for the County by an authorized Representative of the County, and any party hereto shall be authorized to rely upon any such approval or request.

Section 10.09 **Captions.** The captions or headings in this Sub-Lease Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or Section of this Sub-Lease Agreement.

(Signature page follows)

IN WITNESS WHEREOF, the City has caused this Lease Agreement to be executed in its corporate name by its duly authorized officers and sealed with its seal; and the County has caused this Lease Agreement to be executed in its name by its duly authorized officers and sealed with its corporate seal, as of the date first above written.

CITY OF _____

By _____
City Manager

Attest:

City Clerk

COUNTY OF RIVERSIDE

By _____
County Executive Officer

(S E A L)

Attest:

Clerk of the Board of Supervisors

*-Signature Page-
Sub-Lease Agreement*

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
)
COUNTY OF _____)

On _____, before me, _____, a Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

(Seal)

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
)
COUNTY OF _____)

On _____, before me, _____, a Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

(Seal)

EXHIBIT A
DESCRIPTION OF THE LEASED PREMISES

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**SECOND AMENDMENT TO THE SECOND AMENDED AND RESTATED
ANIMAL SHELTER OPERATIONS AGREEMENT**

This Second Amendment to the Second Amended and Restated Animal Shelter Operations Agreement (the "Amendment") is made and entered into as of _____, 2017, by and among Southwest Communities Financing Authority, a joint exercise of powers authority ("SCFA"), the County of Riverside, a division of the State of California (the "County") and Animal Friends of the Valleys, a California non-profit corporation ("AFV").

RECITALS

The County, SCFA and AFV entered into the Second Amended and Restated Animal Shelter Operations Agreement (the "Agreement") dated July 1, 2015, and it is in effect from its date through June 30, 2020, and such Agreement was amended by that First Amendment, dated as of February 2, 2017.

To conform with the requirement of federal tax law, a portion of the Agreement must be amended as set forth herein.

1. Section 36 Tax Exempt Status of Bonds subsection (e) is deleted in its entirety and replaced with the following language:

(e) AFV covenants that no part in excess of five percent (5%) of the portion of the Shelter will be used for (i) activities constituting an unrelated trade or business, determined by applying section 513(a) of the Internal Revenue Code, or (ii) activities constituting any trade or business of an entity other than an organization described in Internal Revenue 501(c)(3) or a governmental unit, if such use adversely affects the exclusion from gross income for federal income tax purposes of interest payable with respect to the Bonds.

2. Except as set forth in this Amendment, the Agreement, as amended, is otherwise unaffected and shall continue in full force and effect in accordance with its terms. If there is conflict between this Amendment and the Agreement or any earlier amendment, the terms of this Amendment will prevail.

3. If any of this Amendment or the Agreement is declared invalid, illegal or otherwise unenforceable by a court of competent jurisdiction, the remaining provisions shall continue in full force and effect.

(Signature page follows)

SOUTHWEST COMMUNITIES
FINANCING AUTHORITY, a Joint Powers
Authority Corporation

ANIMAL FRIENDS OF THE VALLEY, a
California non-profit Corporation

By: _____
Chairman, Board of Directors

By: _____
President, Board of Directors

Dated: _____

Dated: _____

ATTEST

ATTEST

By: _____
Secretary

By: _____
Secretary

Dated: _____

Dated: _____

COUNTY OF RIVERSIDE

By: _____

Dated: _____

ATTEST:

By: _____
Kecia Harper-Ihem, Clerk of the Board

Dated: _____

*-Signature Page-
Second Amendment to the Second Amended and Restated
Animal Shelter Operations Agreement*

RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:

Best Best & Krieger LLP
Attention: Kim Byrens, Esq.
3390 University Avenue, 5th Floor
Riverside, CA 92501

THIS TRANSACTION IS EXEMPT FROM CALIFORNIA DOCUMENTARY TRANSFER TAX PURSUANT TO SECTION 11929 OF THE CALIFORNIA REVENUE AND TAXATION CODE. THIS DOCUMENT IS EXEMPT FROM RECORDING FEES PURSUANT TO SECTION 27383 OF THE CALIFORNIA GOVERNMENT CODE.

RELEASE OF LIEN AND TERMINATION AGREEMENT

This RELEASE OF LIEN AND TERMINATION AGREEMENT (this "Agreement"), made and entered into as of December 1, 2017, by and among the County of Riverside (the "County"), the Southwest Communities Financing Authority (the "Authority"), Animal Friends of the Valleys and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee").

WITNESSETH:

WHEREAS, the County, the Authority and the Trustee have entered into the agreements listed below in (a) and (b), each such document creates an encumbrance on the real property described in Exhibit A attached hereto (the "Property") for the purpose of financing the Project described therein (the "2008 Bonds") as follows:

(a) Lease Agreement dated as of November 1, 2008, by and between the County of Riverside, a division of the State of California, and the Southwest Communities Financing Authority, a Joint Powers Authority, under the terms and provisions contained therein, recorded _____, as Document No. _____ of Official Records of Riverside County; and

(b) A Ground Lease, dated as of November 1, 2008, between Animal Friends of the Valleys, as lessor, and the Southwest Communities Financing Authority, as lessee.

WHEREAS, for purposes of this Agreement, each of the documents referred to in (a) and (b) above will be referred to collectively as the "Agreements;" and

WHEREAS, the County desires to refinance the 2008 Bonds by entering into a Riverside County Infrastructure Financing Authority Lease Agreement, dated as of December 1, 2017, by and between the County, as lessee and the Riverside County Infrastructure Financing Authority, as lessor; and

WHEREAS, in order to proceed with the refinancing of the 2008 Bonds, the County and the Authority desire to cause the filing of this Agreement in the official records of the Recorder of Riverside County to release and terminate any and all liens and encumbrances on the Property created by the Agreements upon payment in full of the 2008 Bonds.

NOW, THEREFORE, the parties hereto hereby agree as follows:

1. The foregoing recitals are true and correct and by this reference are incorporated herein. The parties hereto acknowledge and agree that any lien or encumbrance for their respective part on the Property created by the Agreements is hereby terminated and released and each of the Agreements is hereby terminated.

2. The parties have read this Agreement and have freely and voluntarily entered into this Agreement.

3. This Agreement shall be binding on and inure to the benefit of the parties and their successors and assigns.

4. This Agreement shall be governed by the laws of the State of California.

(Signature page follows)

IN WITNESS WHEREOF, each of the parties hereto have caused this Agreement to be executed by the respective duly authorized officers as of the day and year first above written.

COUNTY OF RIVERSIDE

By: _____

**SOUTHWEST COMMUNITIES FINANCING
AUTHORITY**

By: _____

ANIMAL FRIENDS OF THE VALLEYS

By: _____

**THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A., as Trustee**

By: _____
Authorized Signatory

*-Signature Page-
Release of Lien and Termination Agreement*

EXHIBIT A

DESCRIPTION OF THE PROPERTY

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
)
COUNTY OF _____)

On _____, before me, _____, a Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capaCounty(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

(Seal)

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
)
COUNTY OF _____)

On _____, before me, _____, a Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capaCounty(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

(Seal)