

ASSOCIATE MEMBERSHIP AGREEMENT

by and between the

CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY

and the

CITY OF REDLANDS

THIS ASSOCIATE MEMBERSHIP AGREEMENT dated as of June 17, 2008, by and between the CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY, a joint powers authority duly organized and existing under the laws of the State of California ("the Authority") and the CITY OF REDLANDS, a municipal corporation and charter city duly organized and existing under the laws of the State of California (the "City").

WITNESSETH:

WHEREAS, the Cities of Selma, Lancaster and Eureka (individually, a "Member" and collectively, the "Members"), have entered into a Joint Powers Agreement, dated as of June 1, 2006 (the "JPA Agreement"), establishing the Authority and prescribing its purposes and powers; and

WHEREAS, a copy of the JPA Agreement is attached as Exhibit "A" and incorporated herein by this reference; and

WHEREAS, the JPA Agreement designates the Executive Committee of the Board of Directors and the President of the California Association for Local Economic Development as the initial Board of Directors of the Authority; and

WHEREAS, the Authority has been formed for the purpose, among others, to assist for-profit and nonprofit corporations and other entities to obtain financing for projects and purposes serving the public interest; and

WHEREAS, the JPA Agreement permits any other local agency in the State of California to join the Authority as an associate member (an "Associate Member"); and

WHEREAS, the City desires to become an Associate Member of the Authority; and

WHEREAS, the City Council of the City has adopted a resolution approving this Associate Membership Agreement and the execution and delivery hereof; and

WHEREAS, the Authority has requested that the City become an Associate Member of the Authority;

NOW, THEREFORE, in consideration of the above premises and of the mutual promises herein contained, the Authority and the City do hereby agree as follows:

Section 1. Purpose. The purpose of this Associate Membership Agreement is to assist the City and for-profit and nonprofit organizations located within the City, on a non-exclusive basis, in financing industrial and commercial development projects and other public purpose projects within the City.

Section 2. Associate Member Status. The City is hereby made an Associate Member of the Authority for all purposes of the JPA Agreement, the provisions of which are hereby incorporated herein by reference. From and after the date of execution and delivery of this Associate Membership Agreement by the City and the Authority, the City shall be and remain an Associate Member of the Authority until and unless the City determines to withdraw from Authority pursuant to the withdrawal procedure described herein and in the JPA Agreement.

Section 3. Restrictions on Rights of City. The City shall not have the right, as Associate Member of the Authority, to vote on any action to be taken by the Authority or participate in debate. In addition, no officer, employee or representative of the City shall have any right to become an officer or director of the Authority.

Section 4. Effect of Prior Authority Actions. The City hereby agrees to be subject to and bound by all actions previously taken by the Board of Directors of the Authority to the same extent as the other Members of the Authority are subject to and bound by such actions.

Section 5. No Obligations of Parties. The debts, liabilities and obligations of the Authority shall not be the debts, liabilities and obligations of the City. The debts, liabilities and obligations of the City shall not be the debts, liabilities and obligations of the Authority.

Section 6. No Exclusivity. This Associate Membership Agreement does not create an exclusive business arrangement between the parties. Further, this Associate Membership Agreement does not restrict or inhibit in any way the City's ability to finance any project in any manner it deems appropriate, which may or may not involve or include the Authority.

Section 7. Indemnification. The Authority agrees to indemnify, defend (upon request by City) and save harmless City, its elected and appointed officials, officers, agents and employees from and against any liability, expense, including defense costs and legal fees, and claims for damages of any nature whatsoever, including, but not limited to, bodily injury, death, personal injury or property damage arising from or connected with Authority's operations, or its services, acts and/or omissions hereunder, including any workers' compensation suit, liability or expense, arising from or connected with the services performed by or on behalf of Authority by any person pursuant to this Associate Membership Agreement.

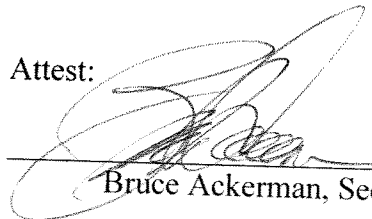
Section 8. Withdrawal. The City may withdraw from the Authority at any time upon written notice to the Board of Directors; provided, however, that no such withdrawal shall affect any bonds that Authority may have issued within the jurisdiction of the City.

Section 9. Execution of the Agreement. This Associate Membership Agreement has been executed and attested by the proper officers or officials of the Authority and the City thereunto duly authorized, as the day and year first set forth above.

CALIFORNIA ENTERPRISE
DEVELOPMENT AUTHORITY

By 
Wayne Schell, Chairman of the
Board of Directors

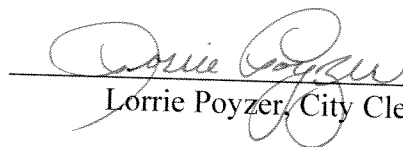
Attest:


Bruce Ackerman, Secretary

CITY OF REDLANDS

By 
Jon Harrison, Mayor

Attest:


Lorrie Poyzer, City Clerk

**JOINT EXERCISE OF POWERS AGREEMENT
CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY**

THIS AGREEMENT (the "Joint Exercise of Powers Agreement") is dated as of June 1, 2006, by and among the City of Selma, California ("Selma"), the City of Lancaster, California ("Lancaster"), and the City of Eureka, California ("Eureka") each duly organized and existing under the laws of the State of California ("State") and such other local agencies within the State as may hereafter become signatories hereto.

WITNESSETH:

WHEREAS, the Joint Exercise of Powers Act (the "Act"), Article 1 of Chapter 5 of Division 7 of Title 1 (commencing with Section 6500) of the Government Code of the State, authorizes public agencies by agreement to jointly exercise any powers common to each of them; and

WHEREAS, each of the parties hereto are authorized by law to exercise broad governmental functions and authority to accomplish their respective purposes, including, but not limited to, the right to issue bonds and expend the proceeds thereof and the right to acquire, sell, develop, lease or administer property; and

WHEREAS, by this Agreement, the parties hereto desire to create and establish the "California Enterprise Development Authority" (the "Authority") for the purposes set forth herein and to exercise the powers described herein; and

WHEREAS, each of the parties hereto are authorized by law to exercise broad governmental functions, including, but not limited to, stimulating or expanding local economies, promoting opportunities for the creation or retention of employment and stimulating economic activity and increasing the tax base, and each of the parties hereto possess the authority to accomplish those functions by means of issuing bonds or refunding bonds, entering into loan agreements, indentures, lease agreements, installment purchase agreements, installment sale agreements and trust agreements, making grants and loans, providing other financial assistance or in any other manner deemed appropriate by the governmental entity; and

WHEREAS, each of the parties hereto also desires to assist nonprofit public benefit corporations located within their respective jurisdictions to undertake and complete projects that will provide public benefits to the communities; and

WHEREAS, each Member desires to join together with the other Members for the purpose of assisting the Members and for-profit and nonprofit organizations in obtaining tax-exempt financing for appropriate projects and purposes;

NOW, THEREFORE, in consideration of the above premises and of the mutual promises herein contained, Selma, Lancaster and Eureka do hereby agree as follows:

ARTICLE I

DEFINITIONS

Section 1.1. Definitions. Unless the context otherwise requires, the words and terms defined in this Article I shall, for the purpose hereof, have the meanings herein specified.

"Act" means Articles 1 through 4 (commencing with Section 6500) of Chapter 5, Division 7, Title 1 of the California Government Code.

"Agreement" means this Joint Exercise of Powers Agreement.

"Associate Member" shall mean any Local Agency that shall have duly executed this Agreement and executed and delivered to the Authority an Associate Membership Agreement in the form and as further provided in the Bylaws of the Authority.

"Authority" means the California Enterprise Development Authority established pursuant to Section 2.2 of this Agreement.

"Board" means the Board of Directors of the Authority referred to in Section 2.3, which shall be the governing body of the Authority.

"Bonds" means the revenue obligations, inclusive of principal (premium, if any) and interest authorized to be issued by the Authority, including a single bond, a promissory note or notes, including bond anticipation notes, lease agreement, installment purchase agreement, certificates of participation or any other instrument evidencing an indebtedness or obligation.

"CALED" means the California Association for Local Economic Development.

"Chairman" means the Chairman elected pursuant to Section 3.1.

"Director" means each member of the Board.

"Eureka" means the City of Eureka, a charter city and municipal corporation formed and existing pursuant to the Constitution and laws of the State.

"Executive Director" means the Executive Director of the Authority appointed pursuant to Section 3.1.

"Facilities" means real and personal property that may be financed or refinanced pursuant to the Act, including but not limited to, land, buildings, improvements, facilities and equipment.

"Fiscal Year" means the period from July 1st to and including the following June 30th.

"Lancaster" means the City of Lancaster, a municipal corporation formed and existing pursuant to the Constitution and laws of the State.

"Legislative Body" means the governing body of a Member.

"Local Agency" means a Member or an agency or subdivision of that Member sponsoring a Project or any other city, county, city and county or redevelopment agency of the State.

"Members" means, collectively, Voting Members and Associate Members.

"Project" means the acquisition, construction and installation of Facilities by the issuance of Bonds.

"Revenues" means all income and receipts of the Authority from a bond purchase agreement, bonds acquired by the authority, loans, installment sale agreements, and other revenue producing agreements entered into by the Authority, projects financed by the Authority, grants and other sources of income, and all interest or other income from any investment of any money in any fund or account established for the payment of principal or interest or premiums on Bonds.

"Secretary" means the Secretary of the Authority appointed pursuant to Section 3.1.

"Selma" means the City of Selma, a municipal corporation formed and existing pursuant to the Constitution and laws of the State.

"State" means the State of California.

"Treasurer" means the Treasurer of the Authority appointed pursuant to Section 3.2.

"Vice-Chairman" means the Vice-Chairman elected pursuant to Section 3.1.

"Voting Members" means Selma, Lancaster and Eureka or each individually or other Local Agencies that may be added pursuant to the terms of this Agreement.

ARTICLE II

GENERAL PROVISIONS

Section 2.1. Purpose. This Agreement is made pursuant to the Act providing for the joint exercise of powers common to the Members and for other purposes as permitted under the Act and as agreed by one or more of the parties hereto. The primary purpose of this Agreement is to assist the Members and for-profit and nonprofit organizations located within the jurisdictions of the Members in financing industrial and commercial development projects and other public purpose projects. Additional purposes of this Agreement are assisting Members undertake any and all other projects permitted by the Act.

Section 2.2. Creation of Authority. Pursuant to the Act, there is hereby created a public entity to be known as the "California Enterprise Development Authority." The Authority shall be a public entity separate and apart from the Members. The Members hereby designate CALED, a California nonprofit corporation, as the administrator and executor of this Agreement, and retain for themselves the power to approve amendments to this Agreement as specified in Section 8.5, hereof.

Section 2.3. Board of Directors. The Authority shall be administered by a board of directors. The Members, by execution of this Agreement, designate the Executive Committee of the Board of Directors of CALED and the President of CALED as the initial Board of Directors of the Authority. This designation of the Board of Directors shall remain unchanged, unless and until such composition is changed by a unanimous vote of the Voting Members. The Board shall be called the "Board of Directors of the California Enterprise Development Authority." All voting power of the Authority, except as otherwise provided, shall reside in the Board.

Section 2.4. Meetings.

- (a) Meetings of Voting Members. The Authority shall provide for the meeting of its Voting Members; provided, however, that at least one meeting of Voting Members shall be held each year, which may not be waived. The date, hour and place of the holding of meetings shall be fixed by resolution of the Board which shall set one such meeting each year and any other meetings at the written request of any Voting Member, and a copy of such resolution shall be filed with each of the Members. The Legislative Body of each Voting Member shall appoint one of its members to serve as the Voting Member's representative to the Authority (the "Representative"). The Representative may select up to two alternates (the "Alternate"), each of whom are either a member of the Voting Member's Legislative Body or an employee of the Voting Member, to represent the Voting Member. The name of each Alternate must be filed with the Executive Director of the Authority at least 30 days prior to the opening of any regular meeting of the Voting Members and at least 24 hours prior to the opening of any special meeting of the Voting Members to be an effective designation. All voting power of the Voting Members, except as otherwise provided herein, shall reside in the Voting Members.
- (b) Board of Directors Meetings. The Board shall provide for its regular meetings; provided, however, that at least one regular meeting shall be held each year unless otherwise waived by a resolution of the Board. The date, hour and place of the holding of regular meetings shall be fixed by resolution of the Board and a copy of such resolution shall be filed with each Director.
- (c) Special Meetings. Special meetings of the Board, the Voting Members or the Members may be called in accordance with the provisions of Section 54956 of the California Government Code.
- (d) Call, Notice and Conduct of Meetings. All meetings of the Board, Voting Members and Members, including without limitation, regular, adjourned regular and special meetings, shall be called, noticed, held and conducted in accordance with the provisions of the Ralph M. Brown Act (Section 54950 et seq. of the California Government Code).

Section 2.5. Minutes. The Secretary shall cause to be kept minutes of the meetings of the Board and Voting Members and shall, as soon as possible after each meeting, cause a copy of the minutes to be forwarded to each Director and to each Voting Member.

Section 2.6. Voting.

- (a) At meetings of the Board, each Director shall have one vote;
- (b) At meetings of the Voting Members, each Voting Member shall have one vote; and
- (c) Associate Members are not entitled to vote, except as to amendments of this Agreement, in which instance each Associate Member shall have one vote.

Section 2.7. Quorum; Required Votes; Approvals.

- (a) *Board Meetings.* Three (3) Directors shall constitute a quorum for the transaction of business, except that less than a quorum may adjourn from time to time. The affirmative votes of at least a majority of the Directors present at any meeting at which a quorum is present shall be required to take any action by the Board.
- (b) *Meetings of Voting Members.* Two (2) Voting Members shall constitute a quorum for the transaction of business, except that less than a quorum may adjourn from time to time. Unless otherwise provided herein, the affirmative votes of at least a majority of the Voting Members present at any meeting at which a quorum is present shall be required to take any action by the Voting Members.

Section 2.8. Bylaws, Rules and Regulations. The Board may adopt, from time to time, bylaws for the Authority and rules and regulations for the conduct of its meetings as are necessary for the purposes hereof.

Section 2.9. Withdrawal and Addition of Parties. A Member may withdraw from the Authority upon written notice to the Board; provided, however, that no such withdrawal shall result in the dissolution of the Authority so long as any Bonds remain outstanding. Any such withdrawal shall be effective only upon receipt of a written notice of withdrawal by the Board which shall acknowledge receipt of such notice of withdrawal in writing and shall file such notice as an amendment to Exhibit A to this Agreement effective upon such filing. Each Member certifies that the withdrawal of any Member does not affect this Agreement or each Member's intent to contract with the Members then remaining.

Qualifying Local Agencies may be added as parties to this Agreement and become Voting Members upon: (i) adoption of a resolution by the unanimous vote of the Voting Members at any regular or special meeting and (ii) the filing by such Local Agency of an executed counterpart of this Agreement, together with a certified copy of the resolution of the Legislative Body of such Local Agency approving this Agreement and the execution and

delivery hereof. Upon satisfaction of such conditions, the Board shall file such executed counterpart of this Agreement and add such Local Agency to Exhibit A hereto as an amendment, effective upon such filing.

Section 2.10. Associate Members. Any Local Agency within the State of California may, with the approval of the Board of Directors, become an Associate Member of the Authority by (i) executing and delivering to the Authority an Associate Membership Agreement in the form of and as further provided in the Bylaws and (ii) the filing by such Local Agency of a certified copy of the resolution of the Legislative Body of such Local Agency approving the Associate Membership Agreement and the execution and delivery thereof. Upon satisfaction of such conditions, the Board shall file such executed counterpart of the Associate Membership Agreement and add such Local Agency to Exhibit A hereto as an amendment, effective upon such filing. An Associate Member shall not be entitled to vote on any matter coming before the Voting Members or the Board, except as otherwise specified herein. However, an Associate Member shall be entitled to participate in all programs and other undertakings of the Authority, including, without limitation, any undertaking to finance or refinance a Project, and any other financing program.

ARTICLE III

OFFICERS AND EMPLOYEES

Section 3.1. Chairman, Vice Chairman, Secretary and Executive Director. So long as the Board shall be comprised of the Executive Committee of the Board of Directors of CALED and the President of CALED, the President of CALED shall serve as the Chairman of the Board. The Board shall elect a Vice-Chairman from among its members to serve for such term as shall be determined by the Board. The Board shall appoint or employ an Executive Director, Secretary and Treasurer. The Treasurer (who can be the Executive Director or an officer or employee of the Authority) shall serve as treasurer, auditor, and controller of the Authority pursuant to and in compliance with Section 6505.6 of the Act. The officers shall perform the duties normal to said offices. The Chairman shall sign all contracts on behalf of the Authority, unless a resolution of the Board shall provide otherwise, and shall perform such other duties as may be imposed by the Board. The Vice Chairman shall sign contracts and perform all of the Chairman's duties in the absence of the Chairman. The Secretary shall countersign all contracts signed by the Chairman or Vice Chairman on behalf of the Authority, unless a resolution of the Board shall provide otherwise, perform such other duties as may be imposed by the Board and cause a Notice of Joint Powers Agreement to be filed with the Secretary of State of the State within 30 days of the execution of this Agreement by the last signatory thereto pursuant to the Act. The Executive Director shall administer the day to day operations of the Authority.

Section 3.2. Treasurer. The Treasurer shall be the depository, shall have custody of all of the accounts, funds and money of the Authority from whatever source, shall have the duties and obligations set forth in Sections 6505 and 6505.5 of the Act and shall assure that there shall be strict accountability of all funds and reporting of all receipts and disbursements of the Authority. As provided in Sections 6505 and 6505.6 of the Act, the Treasurer shall make arrangements with a certified public accountant or firm of certified public accountants for the annual audit of accounts and records of the Authority in compliance with Section 6505 of the

Act. Pursuant to Section 6505 of the Act, the Board, by unanimous vote on a resolution therefor, may replace the annual audit with an audit covering a two year period.

Section 3.3. Officers in Charge of Records, Funds and Accounts. Pursuant to Section 6505.5 of the Act, the Treasurer shall have charge of, handle and have access to all accounts, funds and money of the Authority and all records of the Authority relating thereto; and the Secretary shall have charge of, handle and have access to all other records of the Authority.

Section 3.4. Bonding Persons Having Access to Authority Property. From time to time, the Board may designate persons, in addition to the Secretary and the Treasurer, having charge of, handling or having access to any records, funds of accounts, and may require such persons, including the Secretary and Treasurer, to file official bonds. The Board may designate the respective amounts of the official bonds of the Secretary and the Treasurer and such other persons pursuant to Section 6505.1 of the Act.

Section 3.5. Legal Advisor. The Board shall have the power to appoint the legal advisor of the Authority who shall perform such duties as may be prescribed by the Board.

Section 3.6. Other Employees. The Board shall have the power by resolution to appoint and employ such other employees, consultants and independent contractors as may be necessary for the purposes of this Agreement.

All of the privileges and immunities from liability, exemption from laws, ordinances and rules, all pension, relief, disability, workers' compensation and other benefits which apply to the activities of officers, agents, or employees of a public agency when performing their respective functions shall apply to the officers, agents or employees of the Authority to the same degree and extent while engaged in the performance of any of the functions and other duties of such officers, agents or employees under this Agreement.

None of the officers, agents, or employees directly employed by the Board shall be deemed, by reason of their employment by the Board to be employed by any of the Members, individually or collectively, or by reason of their employment by the Board, to be subject to any of the requirements of the Members.

Section 3.7. Assistant Officers. The Board may by resolution appoint such assistants to act in the place of the Secretary or other officers of the Authority (other than any Director), and may by resolution provide for the appointment of additional officers of the Authority who may or may not be Directors, as the Board shall from time to time deem appropriate.

ARTICLE IV

POWERS

Section 4.1. General Powers. The Authority shall exercise, in the manner herein provided, the powers which are common to each of the Members, or as otherwise permitted under the Act, and necessary to the accomplishment of the purposes of this Agreement, subject to the restrictions set forth in Section 4.4. As provided in the Act, the Authority shall be a public

entity separate from the Members, and the debts, liabilities and obligations of the Authority shall not be the debts, liabilities and obligations of the Members.

Section 4.2. Power to Issue Revenue Bonds. The Authority shall have all of the powers provided in the Act, including but not limited to the power to issue Bonds.

Section 4.3. Specific Powers. The Authority is hereby authorized, in its own name, to do all acts necessary for the exercise of the foregoing powers, including but not limited to, any or all of the following:

- (a) To acquire property by purchase, exchange, gift, lease, contract, or otherwise, except by eminent domain. The power to acquire real property shall not be exercised for other than Authority use except pursuant to project agreement or indenture;
- (b) To maintain property;
- (c) To dispose of property by lease, sale, exchange, donation, release, relinquishment, or otherwise;
- (d) With respect to property, to: (1) charge and collect rent under any lease; (2) sell at public or private sale, with or without public notice; (3) sell at a discount or below appraised value or for a nominal consideration, only; (4) sell on an installment payment or a conditional sales basis; (5) convey, or provide for the transfer of, property without further act of the authority, upon exercise of an option; (6) sell at a fixed or formula price, and receive for any such sale the note or notes of a company and mortgages, deeds of trust, or other security agreements respecting such property;
- (e) To acquire and hold property, including funds, project agreements and other obligations of any kind, and pledge, encumber or assign the same, or the revenues therefrom or any portion of such revenues, or other rights, whether then owned or possessed, or thereafter acquired, for the benefit of the bondholders, and as security or additional security for any bonds or the performance of obligations under an indenture;
- (f) To acquire insurance against any liability or loss in connection with property, in such amounts as the Authority deems desirable;
- (g) To provide for the advance of bond proceeds and other funds pursuant to project agreements as necessary to pay or reimburse for project costs;
- (h) To exercise all rights and to perform all obligations of the Authority under the project agreements and indenture, including the right, upon any event of default by or the failure to comply with any of the obligations thereof by the lessee, purchaser, or other company thereunder, to dispose of all or part of the property to the extent authorized by the project agreements or indenture;

- (i) To borrow money and issue its bonds for the purpose of paying all or any part of the costs of a project, and for any other authorized purpose, as provided in this title;
- (j) To refund outstanding bonds of the Authority without regard to the purposes of this title when the board determines that such refunding will be of benefit to a company or holders of such bonds, subject to the provisions of the proceedings;
- (k) To invest, deposit, and reinvest funds under the control of the Authority and bond proceeds in the types of securities or obligations authorized, pending application thereof to the purposes authorized by, subject to the provisions of, the proceedings;
- (l) To expressly waive any immunity of the political subdivisions of the State provided by the Constitution or laws of the United States of America to taxation by the United States of interest on bonds issued by an authority, in obtaining federal benefits;
- (m) To fund administration expenses (1) by the establishment and collection of reasonable fees in amounts as may be determined by the Board, (2) by the acceptance of funds and other aid from a Member and from other governmental sources authorized to provide such funds or aid, (3) by the acceptance of contributions from business, trade, labor, community, and other associations, and (4) by other authorized means;
- (n) To contract and pay compensation for professional, financial, and other services; and
- (o) to exercise any and all additional powers as may be provided in the Act.

Section 4.4. Restrictions on Exercise of Powers. The powers of the Authority shall be exercised in the manner provided in the Act and shall be subject (in accordance with Section 6509 of the Act) to the restrictions upon the manner of exercising such powers that are imposed upon any Member in the exercise of similar powers.

ARTICLE V

METHODS OF PROCEDURE; CREDIT TO MEMBERS

Section 5.1. Assumption of Responsibilities by the Authority. As soon as practicable after the date of execution of this Agreement, the Directors shall hold the organizational meeting of the Board. At said meeting the Board shall provide for its regular meetings as required by Section 2.4.

Section 5.2. Credit to Members. All accounts or funds created and established pursuant to any instrument or agreement to which the Authority is a party, and any interest

earned or accrued thereon, shall inure to the benefit of the Members in the respective proportions for which such funds or accounts were created.

ARTICLE VI

CONTRIBUTION; ACCOUNTS AND REPORTS; FUNDS

Section 6.1. Contributions. The Voting Members may in the appropriate circumstance, when required hereunder: (a) make contributions from their treasuries for the purposes set forth herein, (b) make payments of public funds to defray the cost of such purposes, (c) make advances of public funds for such purposes, such advances to be repaid as provided herein, or (d) use its personnel, equipment or property in lieu of other contributions or advances. The provisions of Sections 6512 and 6512.1 of the Act are hereby incorporated into this Agreement by reference.

Section 6.2. Accounts and Reports. To the extent not covered by the duties assigned to a trustee chosen by the Authority, the Treasurer shall establish and maintain such funds and accounts as may be required by good accounting practice or by any provision of any trust indenture or trust agreement entered into with respect to the proceeds of any Bonds issued by the Authority. The books and records of the Authority in the hands of a trustee or the Treasurer shall be open to inspection at all reasonable times by representatives of the Members. The Treasurer, within 180 days after the close of each Fiscal Year, shall give a complete written report of all financial activities for such Fiscal Year to the Members to the extent such activities are not covered by the report of such trustee. The trustee appointed under any trust indenture or trust agreement shall establish suitable funds, furnish financial reports and provide suitable accounting procedures to carry out the provisions of said trust indenture or trust agreement. Said trustee may be given such duties in said trust indenture or trust agreement as may be desirable to carry out this Agreement.

Section 6.3. Funds. Subject to the applicable provisions of any instruments or agreement which the Authority may enter into, which may provide for a trustee to receive, have custody of and disburse Authority funds, the Treasurer of the Authority shall receive, have custody of and disburse Authority funds as nearly as possible in accordance with generally accepted accounting practices, and shall make the disbursements required by this Agreement or to carry out any of the provisions or purposes of this Agreement.

Section 6.4. Annual Budget and Administrative Expenses and Surplus Revenues. The Board shall adopt a budget for administrative expenses, which shall include all expenses not included in any financing issue of the Authority, annually prior to July 1st of each year. Any moneys held by the Authority and not required for the payment of administrative expenses of the Authority or other activities authorized under this Agreement shall be deemed surplus and may be allocated as directed by the Board for economic development purposes.

ARTICLE VII

TERM

Section 7.1. Term. This Agreement shall become effective, and the Authority shall come into existence, on the date hereof, and this Agreement and the Authority shall thereafter continue in full force and effect so long as any Bonds remain outstanding.

Section 7.2. Disposition of Assets. Upon termination of this Agreement, all property of the Authority, both real and personal, shall be divided among the Voting Members in such manner as shall be agreed upon by the Voting Members.

ARTICLE VIII

MISCELLANEOUS PROVISIONS

Section 8.1. Notices. Notices hereunder shall be in writing and shall be sufficient if delivered to:

City of Selma
1710 Tucker Street
Selma, California 93662
Attention: City Clerk

City of Lancaster
44933 North Fern Avenue
Lancaster, California 93534
Attention: City Clerk

City of Eureka
531 K Street
Eureka, California 95501
Attention: City Clerk

Section 8.2. Section Headings. All section headings in this Agreement are for convenience of reference only and are not to be construed as modifying or governing the language in the section referred to or to define or limit the scope of any provision of this Agreement.

Section 8.3. Consent. Whenever in this Agreement any consent or approval is required, the same shall not be unreasonably withheld.

Section 8.4. Law Governing. This Agreement is made in the State under the constitution and laws of the State, and is to be so construed.

Section 8.5. Amendments.

(a) This Agreement may be amended at any time, or from time to time, except as limited by contract with the owners of Bonds issued by the Authority or certificates of participation in payments to be made by the Authority or a Member or by applicable regulations or laws of any jurisdiction having authority, by the procedure set forth in paragraph (b), below. Appendix A to the Agreement may be amended to correctly list current Members without separate action by the Members or the Board.

(b) Except as otherwise provided herein, this Agreement shall not be amended, modified, or altered, unless the negative consent of each of the Members is obtained. To obtain the negative consent of each of the Members, the following negative consent procedure shall be followed: (i) the Authority shall provide each Member with a notice at least sixty days prior to the date such proposed amendment is to become effective explaining the nature of such proposed amendment and this negative consent procedure; (ii) the Authority shall provide each Member who did not respond a reminder notice with a notice at least thirty days prior to the date such proposed amendment is to become effective; and (iii) if no Member objects to the proposed amendment in writing within sixty days after the initial notice, the proposed amendment shall become effective with respect to all Members.

Section 8.6. Enforcement by Authority. The Authority is hereby authorized to take any or all legal or equitable actions, including, but not limited to, injunction and specific performance, necessary or permitted by law to enforce this Agreement.

Section 8.7. Severability. Should any part, term or provision of this Agreement be decided by any court of competent jurisdiction to be illegal or in conflict with any law of the State, or otherwise be rendered unenforceable or ineffectual, the validity of the remaining portions or provisions shall not be affected thereby.

Section 8.8. Successors. This Agreement shall be binding upon and shall inure to the benefit of the successors of the Members, respectively. No Member may assign any right or obligation hereunder without the written consent of all of the others.

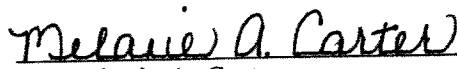
IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and attested by their proper officers thereunto duly authorized on the following pages as of the day and year set below the name of each of the parties.

[SIGNATURE PAGES TO FOLLOW]

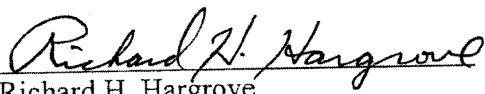
CITY OF SELMA

By 
D-B Heusser
City Manager

Attest:


Melanie A. Carter
City Clerk

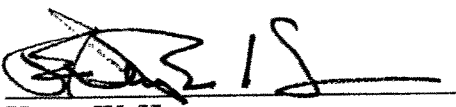
APPROVED AS TO FORM

By 
Richard H. Hargrove
City Attorney

Dated: 5/1/06

SIGNATURE PAGE OF
CITY OF SELMA
TO JOINT EXERCISE OF POWERS AGREEMENT

CITY OF LANCASTER

By 
Henry W. Hearn
Mayor

Attest:


Geri K. Bryan
City Clerk

APPROVED AS TO FORM

By 
David R. McEwen
City Attorney

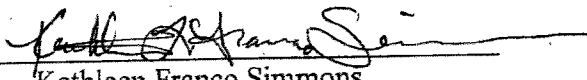
Dated: 5/23/06

SIGNATURE PAGE OF
CITY OF LANCASTER
TO JOINT EXERCISE OF POWERS AGREEMENT

CITY OF EUREKA

By 
Peter La Vallee
Mayor

Attest:


Kathleen Franco Simmons
City Clerk

APPROVED AS TO FORM

By 
David Tranberg
City Attorney

Dated: May 2, 2006

SIGNATURE PAGE OF
CITY OF EUREKA
TO JOINT EXERCISE OF POWERS AGREEMENT

EXHIBIT A

MEMBERS OF THE CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY

Voting Members

City of Selma
City of Lancaster
City of Eureka

Associate Members