
JOINT EXERCISE OF POWERS AGREEMENT

CREATING

ADELANTO PUBLIC UTILITY AUTHORITY

Dated as of November 1, 1996

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**JOINT EXERCISE OF POWERS AGREEMENT
CREATING ADELANTO PUBLIC UTILITY AUTHORITY**

THIS JOINT POWERS AGREEMENT (the "Agreement"), is made and entered into as of November 1, 1996 by and among the Members (as defined herein);

WITNESSETH:

WHEREAS, agencies formed under Article 1 (commencing with Section 6500) of the Joint Powers Law (as defined herein) are permitted to provide financing for any of their members or other local public agencies in the State of California in connection with the acquisition, construction and improvement of public capital improvements, working capital requirements or insurance programs of such members or other local agencies; and

WHEREAS, the Members wish to form an agency under the Joint Powers Law, known as the Adelanto Public Utility Authority, for the purpose of providing an entity to assist in providing financing, for purposes which are authorized by law and which could own, operate and maintain the Utility System (as defined herein); and

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

ARTICLE I

DEFINITIONS

Section 1.01. Definitions. In addition to the other terms defined herein, the following terms, whether in the singular or in the plural, when used herein and initially capitalized shall have the meanings specified.

"Agency" means the Adelanto Improvement Agency.

"Agreement" means this Joint Exercise of Powers Agreement, as originally entered into or as amended from time to time in accordance with Section 8.05 hereof.

"Authority" means the Adelanto Public Utility Authority established pursuant to Section 2.02 hereof.

"Commission" means the Commission referred to in Section 3.01 hereof, which shall be the governing body of the Authority.

"Bond Law" means the Marks-Roos Local Bond Pooling Act of 1985, being Article 4 of the Joint Powers Law (commencing with Section 6584), as amended from time to time, Article 2 of the Joint Powers Law, as amended from time to time, or any other law available for use by the Authority in the authorization and issuance of

Indebtedness or to provide for the financing of Indebtedness and/or Public Capital Improvements, as amended from time to time.

"Bond Purchase Agreement" means an agreement between the Authority and a Member or a Local Agency, pursuant to which the Authority agrees to purchase Indebtedness from a Member or a Local Agency, as the case may be.

"City" means the City of Adelanto.

"Fiscal Year" means the fiscal year of the Authority as established from time to time by the Commission, being at the date of this Agreement the period from July 1 in any calendar year to and including June 30 in the succeeding calendar year.

"Indebtedness" means bonds, notes or other evidences of indebtedness, and all other obligations, instruments and agreements constituting "Bonds" under the Joint Powers Law, which are issued or incurred by or on behalf of the Authority, a Member or a Local Agency pursuant to the Bond Law or pursuant to any other provision of law to finance the acquisition, construction or improvement of Public Capital Improvements, Working Capital Requirements, or liability or other insurance needs of any Local Agency (the "Local Obligations").

"Joint Powers Law" means Articles 1 through 4 (commencing with Section 6500) of Chapter 5, Division 7, Title 1 of the California Government Code, as amended from time to time.

"Liability Share" means, with respect to any Member, the amount of a judgment for damages divided by the number of Members at the time the act or omission occurred, unless any portion of the judgment arises from an act or omission directly related to the studying, planning, financing, developing, acquiring, purchasing, construction, reconstructing, implementing, improving, enlarging, enhancing, operating, maintaining, selling, disposing of, or decommissioning of any project undertaken by the Authority under this Agreement, in which case, with respect to such portion, the term "Liability Share" shall mean, with respect to any Member, the amount of such portion multiplied by a fraction equal to (i) such Member's entitlement or right, if any, to participate in such project at the time the act or omission occurred, divided by (ii) the aggregate amount of all Members' entitlements or rights to participate in such project at the time the act or omission occurred.

"Local Agency" means each of the Members, any agency or subdivision of a Member, and any other city, county, authority, district or public corporation of the State of California.

"Members" means, collectively, all of the Members that are parties to this Agreement, which Members shall initially consist of the ~~City of Adelanto~~ and the ~~Adelanto Improvement Agency~~, and which shall include all additional Members that become parties hereto pursuant to the provisions of Section 7.02 hereof; provided, however, that the term "Member" shall not include any entity which shall have withdrawn or been excluded from the Authority pursuant to Section 7.03 hereof.

"Public Agency" has the meaning given to the term "public agency" in Article 1 of the Joint Powers Law.

"Public Capital Improvements" has the meaning given such term in Section 6585(g) of the Bond Law, as such provision may be amended from time to time.

"Sewer System" means all property rights, contractual rights and facilities of the Authority relating to wastewater, including all facilities for the transporting, treating, neutralizing, stabilizing, disposing or reclaiming of wastewater owned by the Authority and all other properties, structures or works for the transporting, treating, neutralizing, stabilizing, disposing and reclaiming of wastewater hereafter acquired and constructed by or for the Authority and determined by the Authority to be a part of the Sewer System, together with all additions, betterments, extensions or improvements to such facilities, properties, structures or works or any part hereafter acquired and constructed.

"Utility System" means the Water System, the Sewer System and any other utility system or service.

"Water System" means the entire water treatment, production, storage and distribution system currently owned or operated by the City and being purchased by the Authority from the City pursuant to that certain Purchase Agreement, dated as of November 1, 1995, by and between the Authority and the City, including but not limited to all facilities, properties and improvements at any time owned or operated by the Authority for the collection, treatment and supply of water to residents served thereby, whether within or without the City, and any necessary lands, rights, entitlements and other property useful in connection therewith, together with all extensions thereof and improvements thereto hereafter acquired, constructed or installed by the Authority.

"Working Capital Requirements" means the requirements of any Local Agency for funds to be used by, or on behalf of, such Local Agency for any purpose for which such Local Agency may borrow money pursuant to Section 53852 of the California Government Code, as amended from time to time.

ARTICLE II

GENERAL PROVISIONS

Section 2.01. Purpose. This Agreement is made pursuant to the Joint Powers Law providing for the joint exercise of powers common to two or more Members, and for other purposes as permitted under the Joint Powers Law and the Bond Law. The purpose of this Agreement is to provide for the ownership, operation and maintenance of the Sewer System and any other utility system or service, the financing of Public Capital Improvements for and Working Capital Requirements and insurance programs of, the Members and any Local Agency, including without limitation, financings relating to the Sewer System and any other utility system or service through the acquisition by the Authority of such Public Capital Improvements,

the purchase by the Authority of Indebtedness of any of the Members or a Local Agency pursuant to Bond Purchase Agreements, the lending of funds by the Authority to a Member or a Local Agency or the entering into of contractual arrangements by the Authority with a Member or a Local Agency and any other transaction authorized by the Joint Powers Law and other laws; and to provide for the purchase of the Local Obligations to assist the Agency in restructuring its obligations; engaging in financings relating to the encouragement of economic development and the stimulation of public revenues in the City of Adelanto through the acquisition and financing by the Authority of such Public Capital Improvements; and to engage in any other transactions authorized by the Joint Powers Law and other laws.

Section 2.02. Creation of Authority. Pursuant to the Joint Powers Law, there is hereby created a public entity to be known as the "Adelanto Public Utility Authority". The Authority shall be a public entity separate and apart from the Members, and shall administer this Agreement.

ARTICLE III

COMMISSION

Section 3.01. Commission. The Authority shall be governed by a Commission, which shall be comprised of members determined as provided in this Section 3.01. The Commission shall be called the "Commission of the Adelanto Public Utility Authority". Notwithstanding anything contained in this Section 3.01 to the contrary, no member of the Commission shall hold membership on the Commission after the expiration of his or her term as a member of the governing body of a Member, or until he or she resigns, is removed or for any other reason no longer serves as a member of the governing body of a Member. The Initial Commission Members shall be the members of the City Council of the City of Adelanto.

Section 3.02. Powers. Subject to the limitations of this Agreement and the laws of the State of California, the powers of this Authority shall be vested in and exercised by and its property controlled and its affairs conducted by the Commission of the Authority. The Commission shall have the responsibility for the general management of the affairs, property and business of the Authority and may, from time to time, adopt and modify such By-Laws and other rules and regulations for that purpose and for the conduct of its meetings as it may deem proper.

Section 3.03. Compensation. Members of the Commission shall serve without compensation. Each such member may be reimbursed for necessary and actual expenses, including travel incident to his or her services as member of the Commission, pursuant to resolution of the Commission. Any member of the Commission may elect, however, to decline said reimbursement.

Section 3.04. Meetings of the Commission; Voting. (a) Call, Notice and Conduct of Meetings. All meetings of the Commission, including without limitation, regular, adjourned regular and special meetings, shall be called, noticed, held and

conducted in accordance with the Ralph M. Brown Act, being Sections 54950 *et seq.* of the California Government Code, as amended from time to time.

(b) Regular Meetings. The Commission shall hold a regular meeting not less than once each calendar year. Regular meetings of the Commission shall be held at such time as the Commission may fix by resolution from time to time, and if any day so fixed shall fall upon a legal holiday, then, upon the next succeeding business day at the same hour. No notice of any regular meeting of the Commission need be given to the members of the Commission.

(c) Special Meetings. Special meetings of the Commission shall be held whenever called by the President of the Authority or by a majority of the members of the Commission, in accordance with the provisions of the California Government Code, as amended from time to time.

(d) Quorum. A majority of the total number of members of the Commission shall constitute a quorum for the transaction of business, except that less than a quorum may adjourn from time to time.

(e) Voting. Each member of the Commission shall have one vote. The affirmative votes of at least a majority of the members of the Commission present at any meeting at which a quorum is present shall be required for the Commission to take any action. Every act or decision done or made by a majority of the members of the Commission present at any meeting at which a quorum is present shall be the act of the Commission.

ARTICLE IV

OFFICERS AND EMPLOYEES

~~Section 4.01. Officers.~~ The officers of the Authority shall be a President, a Vice President, a Secretary, a Treasurer and such other officers as the Commission may appoint. The President shall be the Mayor of the City of Adelanto. The Vice President shall be the Mayor Pro Tem. The City Manager shall serve as the Executive Director of the Authority. The City Clerk shall serve as the Secretary of the Authority.

Section 4.02. Subordinate Officers. The Commission may elect or authorize the appointment of such other officers than those herein above mentioned as the business of the Authority may require, each of whom shall hold office for such period, have such authority and perform such duties as are provided in this Agreement, or as the Commission, from time to time, may authorize or determine.

Section 4.03. Removal of Officers. Any officer may be removed, either with or without cause, by a majority of the members of the Commission at any regular or special meeting of the Commission. Should a vacancy occur in any office as a result of death, resignation, removal, disqualification or any other cause, the Commission may delegate the powers and duties of such office to any officers or to any members of the Commission until such time as a successor for said office has been appointed.

Section 4.04. President. The President shall be the chief executive officer of the Authority and shall, subject to the control of the Commission, have general supervision, direction and control of the business and officers of the Authority. He or she shall be ex officio member of all standing committees, and shall have the general powers and duties of management of the Authority and shall have such other powers and duties as may be prescribed by the Commission or this Agreement. The President shall preside at all meetings of the Commission.

Section 4.05. Vice President. In the absence or disability of the President, the Vice President shall perform all the duties of the President and when so acting shall have all the powers of and be subject to all of the restrictions upon the President. The Vice President shall have such other powers and perform such other duties as may, from time to time, be prescribed for him or her by the Commission or this Agreement.

Section 4.06. Secretary. The Secretary shall keep or cause to be kept a book of minutes at the principal office or at such other place as the Commission may order, of all meetings of the Commission, with the time and place of holding, whether regular or special, and if special, how authorized, the notice thereof given, the names of those present at Commission meetings and the proceedings thereof. The Secretary shall give or cause to be given notice of all meetings of the Commission. The Secretary shall keep the Authority records in safe custody and shall have such other powers and perform such other duties as may be prescribed by the Commission or this Agreement.

Section 4.07. Treasurer. Subject to the applicable provisions of any indenture or resolution providing for a trustee or other fiscal agent, the Treasurer is designated as the depository of the Authority to have custody of all the money of the Authority, from whatever source, and, as such, shall have the powers, duties and responsibilities specified in Section 6505.5 of the Joint Powers Law.

The Treasurer is hereby designated as controller of the Authority and, as such, shall have the powers, duties and responsibilities specified in Section 6505.5 of the Joint Powers Law. The controller of the Authority shall draw checks to pay demands against the Authority when the demands have been approved by the Authority.

Section 4.08. Officers in Charge of Records, Funds and Accounts. The Treasurer to the extent such officer's duties and responsibilities require, is designated as the public officer or person who has charge of, handles, or has access to any property of the Authority, and such officer shall file an official bond as required by Section 6505.1 of the Joint Powers Law in the amount of \$25,000.

Section 4.09. Other Employees. The Commission shall have the power to appoint and employ such other officers, employees, consultants and independent contractors as it may deem necessary for the purposes of this Agreement, any of whom may be employees of a Member, and who shall have such powers, duties and responsibilities as are determined by the Commission.

All of the privileges and immunities from liability, exemptions 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 them to the same degree and extent while engaged in the performance of any of the functions and other duties under this Agreement.

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

ARTICLE V

POWERS

Section 5.01. General Powers. The Authority shall exercise in the manner herein provided powers common to Members, or as otherwise permitted under the Joint Powers Law, and necessary or convenient to the accomplishment of the purposes of this Agreement, subject to the restrictions set forth in Section 5.03 hereof.

As provided in the Joint Powers Law, the Authority shall be a public entity separate from the Members. The Authority shall have all of the powers provided in the Joint Powers Law, including but not limited to Article 4 of the Joint Powers Law (commencing with Section 6584), and including the power to issue or incur Indebtedness under the Bond Law.

Section 5.02. 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 make and enter into contracts;
- (b) to employ agents or employees;
- (c) to plan, develop, acquire, construct, manage, maintain, repair, replace or operate any Public Capital Improvement, including the common power of the Members to acquire any Public Capital Improvement by the power of eminent domain;
- (d) to acquire (by the exercise of the power of eminent domain or otherwise), hold, lease, sell or otherwise dispose of any real or personal property, tangible or intangible, and any interests therein, wherever located;
- (e) to issue or incur Indebtedness and otherwise to incur debts, liabilities or obligations, provided that no such Indebtedness, debt, liability or obligation shall constitute a debt, liability or obligation of any of the Members;

- (f) to sue and be sued in its own name;
- (g) to establish a budget and authorize expenditures therefrom;
- (h) to apply for, accept, receive and disburse grants, loans and other aids from any agency of the United States or of the State of California or from any private sources;
- (i) to enter into agreements for the creation of separate public entities and agencies pursuant to the Joint Powers Law;
- (j) to invest any money in the treasury as determined by the Authority, in accordance with applicable provisions of the Joint Powers Law and Section 53601 of the California Government Code, as amended from time to time;
- (k) to apply for letters of credit or other forms of financial guarantees in order to secure the repayment of Indebtedness and enter into agreements in connection therewith;
- (l) to carry out and enforce all the provisions of this Agreement;
- (m) to make and enter into Bond Purchase Agreements;
- (n) to purchase Indebtedness of a Member or any Local Agency;
- (o) to establish non-profit corporations or for-profit corporations to assist in accomplishing any of its objectives; and
- (p) to exercise any and all other powers as may be permitted by State law and/or the Joint Powers Law (including Section 6588 of the Joint Powers Law).

Section 5.03. Restrictions on Exercise of Powers. The powers of the Authority shall be exercised in the manner provided in the Joint Powers Law and in the Bond Law subject only to the restrictions upon the manner of exercising such powers as are imposed upon the Members in the exercise of similar powers.

Section 5.04. Liability; Contribution. Pursuant to the Joint Powers Law, the debts, liabilities and obligations of the Authority shall not be the debts, liabilities and obligations of any of the Members, except as provided by Section 895.2 of the California Government Code, as amended from time to time, in the case of injury caused by a negligent or wrongful act or omission occurring in the performance of this Agreement. In the event any Member is held liable upon any judgment for damages caused by a negligent or wrongful act or omission occurring in the performance of this Agreement, and pays in excess of its Liability Share of such judgment, such Member shall be entitled to contribution from each other Member and may require each other Member to pay an amount towards the judgment for damages, but in no event shall any such other Member be required to pay in excess of its Liability Share of such judgment.

No member, officer, agent or employee of the Authority shall be individually or personally liable for the payment of the principal of or premium or interest on any obligations of the Authority or be subject to any personal liability or accountability by reason of any obligations of the Authority; but nothing herein contained shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law or by the instruments authorizing the issuance of any obligations of the Authority. Nothing contained in this Agreement shall in any way diminish the liability of any Member or other party with respect to any contract between such Member or other party and the Authority.

Section 5.05. Indemnity by Authority for Litigation Expenses of Officer, Commission Member or Employee. In the event any Commission member, officer or employee of the Authority be sued, either alone or with others, because he or she is or was a Commission member, officer or employee of the Authority, in any proceeding arising out of his or her alleged misfeasance or nonfeasance in the performance of his or her duties or out of any alleged wrongful act against the Authority or by the Authority, indemnity to such person for reasonable expenses, including attorneys' fees incurred in the defense of the proceedings, may be assessed against the Authority or its receiver by the court in the same or a separate proceeding if the person sued acted in good faith and in a manner such person reasonably believed to be in the best interests of the Authority and, in the case of a criminal proceeding, had no reasonable cause to believe the conduct of such person was unlawful. The amount of such indemnity shall equal the amount of the expenses, including attorneys' fees, incurred in the defense of the proceeding.

Section 5.06. Execution of Contracts. The Commission, except as otherwise provided in this Agreement, may authorize any officer or officers, agent or agents, to enter into any contract or execute any contract or execute any instrument in the name of and on behalf of the Authority and such authorization may be in general or confined to specific instances and unless so authorized by the Commission, no officer, agent or employee shall have any power or authority to bind the Authority by any contract or engagement or to pledge its credit or to render it liable for any purpose or in any amount.

ARTICLE VI

CONTRIBUTION; ACCOUNTS AND REPORTS; FUNDS

Section 6.01. Contributions. In accordance with the California Government Code, the Members may in the appropriate circumstances when required hereunder: (a) make contributions from their treasuries as approved from time to time by the Commission, 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 their personnel, equipment or property in lieu of other contributions or advances. The provisions of Section 6513 of the Joint Powers Law are hereby incorporated into this Agreement. The Authority may make such arrangements relative to the repayment or return to the

Members of such contributions, payments and advances as are approved from time to time by the Commission.

Any Member which fails to make or pay when due any required contribution, payment or advance to the Authority, may have its rights under this Agreement terminated and may be excluded from participation in the Authority as provided in Section 7.03(c) hereof. Any such Member shall continue to be liable for its obligations under any contract with the Authority and for any unpaid contribution, payment or advance approved by the Commission prior to such Member's exclusion and not objected to by such Member by written notice to the Authority within thirty (30) days after such approval.

Section 6.02. Accounts and Reports. There shall be strict accountability of all funds and reporting of all receipts and disbursements of the Authority. The Authority shall establish and maintain such funds and accounts as may be required by good accounting practice or by any provision of any resolution, indenture or other instrument of the Authority securing its Indebtedness, except insofar as such powers, duties and responsibilities are assigned to a trustee appointed pursuant to such resolution, indenture or instrument. The books and records of the Authority shall be open to inspection at all reasonable times by the Members and their representatives. The Authority shall give an audited written report of all financial activities for each Fiscal Year to the Members within 210 days after the close of each Fiscal Year.

The Treasurer, as controller of the Authority, shall contract with a certified public accountant or public accountant to make an independent annual audit of the accounts and records of the Authority. In each case the minimum requirements of the audit shall be those prescribed by the State Controller for special districts under Section 26909 of the California Government Code, as amended from time to time, and shall conform to generally accepted auditing standards. ~~When such an audit of an account and record is made by a certified public accountant or public accountant, a report thereof shall be filed as public records with each of the Members and with the county auditor of Fresno County.~~ Such report shall be filed within 12 months of the end of the Fiscal Year under examination.

Any costs of the audit, including contracts with, or employment of, certified public accountants or public accountants, in making an audit pursuant to this Section shall be borne by the Authority and shall be a charge against any unencumbered funds of the Authority available for the purpose.

Section 6.03. Funds. Subject to the applicable provisions of any instrument 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 the 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 6.04. Annual Budget and Administrative Expenses. The Commission may 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. The estimated annual administrative expenses of the Authority shall be allocated by the Authority to the Members equally.

ARTICLE VII

TERM; ADDITION OF MEMBERS; DISSOLUTION

Section 7.01. Term. This Agreement shall become effective as of the date first set forth above, and the Authority shall come into existence, on the date of execution and delivery hereof, and this Agreement shall thereafter continue in full force and effect until the later of June 1, 2045 or the date on which all Indebtedness and other obligations of the Authority and the interest thereon shall have been paid in full or until adequate provision for such payment shall have been made in accordance with the instruments governing such Indebtedness, and no material contracts to which the Authority is a party remain in effect, unless earlier dissolved pursuant to Section 7.04 hereof.

Section 7.02. Addition of Members. (a) Public Agencies possessing one or more of the powers specified in the first paragraph of the recitals to this Agreement may be added as parties to this Agreement, and become Members, upon the filing by such Public Agency with the Commission of an instrument in form and substance satisfactory to the Commission together with a certified copy of a resolution of its governing body, whereby the Public Agency (i) agrees to the provisions of this Agreement and (ii) requests to become a Member. In reviewing an application for membership, the Commission may reject said application based on the creditworthiness of the applicant or on any other matter which has affected or may affect the creditworthiness of the applicant and which may thereby affect the creditworthiness of the Authority. The Commission also reserves the right to reject an applicant if the Commission determines that the membership of such applicant would be detrimental to the effectiveness of the Authority or would interfere with the realization of the Authority's goals and purposes.

(b) Notwithstanding Section 7.02(a) hereof, no such Public Agency shall become a Member until (i) its admission is approved by a vote of a majority of the Commission voting on the matter and (ii) such Public Agency deposits or agrees to deposit with the Authority an amount equal to such share of the costs and expenses incurred by the Authority prior to the date of admission of such Public Agency as a Member as shall be determined by the Commission.

(c) Upon satisfaction of the provisions of Section 7.02(a) and 7.02(b) hereof, such Public Agency shall be a Member for all purposes of this Agreement, and the instrument provided pursuant to Section 7.02(a) hereof shall become a part of the official records of the Authority. Neither the effectiveness of such membership nor such instrument shall constitute an amendment or modification of this Agreement for purposes of Section 8.05 hereof.

Section 7.03. Withdrawal or Exclusion of a Member. (a) Any Member may withdraw from the Authority upon the following conditions: (i) the Member shall have filed with the Commission a certified copy of a resolution of its governing body expressing its desire to so withdraw and (ii) if the Authority, prior to the filing of such resolution, shall have incurred any obligation payable from contributions, payments or advances in accordance with Section 6.01 hereof, which obligation matures after the date of such filing, the withdrawing Member shall have paid, or made arrangements satisfactory to the Commission to pay to the Authority its pro rata portion of such obligation.

(b) Upon compliance with the conditions specified in Section 7.03(a) hereof, the withdrawing Member shall no longer be considered a Member for any reason or purpose under this Agreement and its rights and obligations under this Agreement shall terminate. The withdrawal of a Member shall not affect any obligations of such Member under any contract between the withdrawing Member and the Authority.

(c) Any Member which has (i) defaulted under a contract with the Authority, or (ii) failed to pay any required contributions, payments or advances in accordance with Section 6.01 hereof, may have its rights under this Agreement terminated and may be excluded from participating in the Authority by a vote of a majority of the members of the Commission voting on the matter (excluding from voting the member(s) of the Commission, if any, representing the defaulting Member). Any excluded Member shall continue to be liable for its obligations under any contract with the Authority and for any unpaid contribution, payment or advance approved by the Commission prior to such Member's exclusion and not objected to by such Member by written notice to the Authority within thirty (30) days after such approval.

No withdrawal from membership pursuant to Sections 7.03(a) and 7.03(b) hereof or exclusion from participation pursuant to Section 7.03(c) hereof shall constitute an amendment or modification of this Agreement for purposes of Section 8.05 hereof.

Section 7.04. Dissolution. With the approval of the Commission, the Authority may be dissolved, if at the time of such dissolution the Authority has no Indebtedness outstanding and is not a party to any contract remaining in effect (unless adequate provision shall have been made for the discharge of such contract). Upon the dissolution or termination of the Authority, and after payment or provision for payment, all debts and liabilities, the assets of the Authority shall be distributed to the Members in such manner as shall be determined by the Commission.

ARTICLE VIII

MISCELLANEOUS PROVISIONS

Section 8.01. Notices. (a) Any notice, demand or request to any Member provided for in this Agreement shall be in writing and shall be deemed properly served, given, or made if delivered in person or sent by registered or certified mail, postage

prepaid, to the person designated by such Member upon the commencement of its membership in the Authority.

(b) A Member may, at any time, by written notice to each other Member and the Authority, designate different persons or different addresses for the giving of notices, demands or requests to it hereunder.

(c) Any notice, demand or request to the Authority provided for in this Agreement shall be in writing and shall be deemed properly served, given, or made if delivered in person or sent by registered or certified mail, postage prepaid, to Adelanto Public Utility Authority, c/o City of Adelanto, 11740 Bartlett, Adelanto, California 92301, or at the notice address most recently provided by said Member pursuant to this Section 8.01.

(d) The Authority may, at any time, by written notice to each Member, designate a different or additional person or a different address for giving notices, demands or requests to it hereunder.

Section 8.02. 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 8.03. Consent. Whenever in this Agreement any consent or approval is required, the same shall not be unreasonably withheld.

Section 8.04. Law Governing. This Agreement is made in the State of California under the constitution and laws of the State of California, and is to be so construed.

Section 8.05. Amendments. This Agreement may be amended at any time, or from time to time, except as limited by contract with the owners of Indebtedness issued or incurred by the Authority, a Member or a Local Agency or by applicable regulations or laws of any jurisdiction having authority, by one or more supplemental agreements executed by all then current Members either as required in order to carry out any of the provisions of this Agreement or for any other purpose.

Section 8.06. 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.

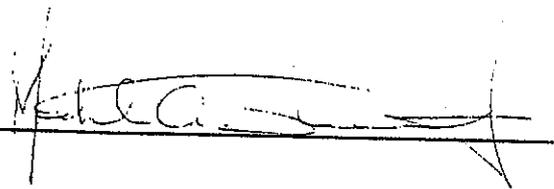
Section 8.07. Severability. In the event that any term, covenant or condition of this Agreement or the application of such term, covenant or condition shall be held invalid as to any person or circumstance by any court having jurisdiction in the premises, all other terms, covenants and conditions of this Agreement and their application shall not be affected thereby, but shall remain in force and effect unless a court holds that the provisions are not separable from all other provisions of this Agreement.

Section 8.08. Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the successors and assigns of the Members. No Member may assign any right or obligation hereunder without the written consent of the other Members. The immediately preceding sentence shall not affect, in any respect, any right of assignment under any contract between any Member and the Authority.

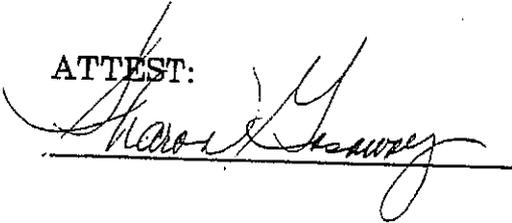
Section 8.09. Execution of Counterparts. This Agreement may be executed in any number of counterparts. All such counterparts shall be deemed to be originals and shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and attested by their proper officers thereunto duly authorized, on the day and year first set forth above.

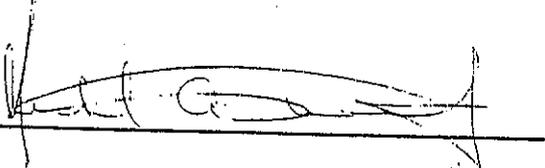
CITY OF ADELANTO

By 

ATTEST:



ADELANTO IMPROVEMENT AGENCY

By 

ATTEST:

