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**LAGUNA COUNTY SANITATION DISTRICT  
2020 CERTIFICATES OF PARTICIPATION**

**CONTRACT OF PURCHASE**

\_\_\_\_\_, 2020

Laguna County Sanitation District  
Office of the Treasurer-Tax Collector  
105 East Anapamu Street, Room 109  
Santa Barbara, California 93101

Santa Barbara County Finance Corporation, Inc.  
c/o County Counsel  
105 East Anapamu Street, Room 201  
Santa Barbara, California 93101

Ladies and Gentlemen:

The undersigned (the “Underwriter”) hereby offers to enter into this Contract of Purchase (the “Purchase Contract”) with you, the Laguna County Sanitation District (the “District”) and the Santa Barbara County Finance Corporation, Inc. (the “Corporation”), for the purchase by the Underwriter and the delivery by you of the Certificates of Participation specified below. The proceeds of the Certificates will be used (i) to provide funds to the District to finance the costs of acquisition, installation and construction of capital improvements (the “Project”), and (ii) to pay certain costs of executing and delivering the Certificates. This offer is made subject to acceptance by you prior to 11:59 p.m., Los Angeles time, on the date hereof. Upon such acceptance, this Purchase Contract shall be in full force and effect in accordance with its terms and shall be binding upon you and the Underwriter. All terms not defined herein shall have the meanings set forth in the Trust Agreement (defined below).

1. Upon the terms and conditions and upon the basis of the representations herein set forth, the Underwriter hereby agrees to purchase for offering to the public, and the District hereby agrees to cause the Trustee (defined below) to execute and deliver to the Underwriter, all (but not less than all) of the Laguna County Sanitation District 2020 Certificates of Participation, in the aggregate principal amount of \$\_\_\_\_\_ (the “Certificates”) to be dated the Closing Date (and more fully described in the Official Statement defined below), evidencing proportionate undivided interests of the Owners thereof in Installment Payments to be made by the District pursuant to an Installment Sale Agreement (defined below). The Certificates shall be

purchased at a price of \$\_\_\_\_\_, being the principal amount of the Certificates, less an Underwriter's discount of \$\_\_\_\_\_, and plus net original issue premium of \$\_\_\_\_\_.

The Underwriter agrees to make a bona fide public offering of all of the Certificates at a price not to exceed the public offering price set forth in the Official Statement and may subsequently change such offering price without any requirement of prior notice. The Underwriter may offer and sell the Certificates to certain dealers (including dealers depositing the Certificates into investment trusts) and others at prices lower than the public offering price stated in the Official Statement.

The Certificates evidence the proportionate undivided interest of the owners thereof in Installment Sale Payments to be paid with respect to the Project (as described in the Installment Sale Agreement) by the District (the "Installment Payments") pursuant to an Installment Sale Agreement, dated as of September 1, 2020 (the "Installment Sale Agreement"), between the Corporation, as seller, and the District, as purchaser. The Corporation's rights to receive Installment Payments and to exercise remedies upon an Event of Default under the Installment Sale Agreement have been assigned to U.S. Bank National Association, as trustee (the "Trustee") for the benefit of the Certificate owners pursuant to the assignment agreement, dated as of September 1, 2020, between the Corporation and the Trustee (the "Assignment Agreement").

The Certificates shall be as described in and shall be secured under and pursuant to a Trust Agreement, dated as of September 1, 2020 (the "Trust Agreement"), among the District, the Corporation and the Trustee.

(a) The District hereby consents to and confirms the prior use by the Underwriter of the Preliminary Official Statement (in printed or electronic form) dated \_\_\_\_\_, 2020 (including the cover page and all appendices, exhibits and statements thereon or attached thereto together collectively being herein called the "Preliminary Official Statement") in connection with the public offering of the Certificates by the Underwriter, and further confirms the Underwriter's use, and consents to the use of, a final Official Statement (in printed or electronic form) with respect to the Certificates, to be dated the date hereof, and any amendments or supplements thereto that shall be approved by the District (as so amended and supplemented, the "Official Statement") in connection with the public offering and sale of the Certificates.

(b) The District hereby represents and warrants that the Preliminary Official Statement previously furnished to the Underwriter was "deemed final" by the District as of its date for purposes of Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission of the United States (the "SEC") under the Securities Exchange Act of 1934, as amended and then in effect (the "Exchange Act") except for the omission of such information as is specified in Rule 15c2-12(b)(1).

(c) The District represents that the governing body of the District has reviewed and approved the information in the Official Statement and hereby authorizes the Official Statement to be used by the Underwriter in connection with the public offering and the sale of the Certificates. The District shall provide, or cause to be provided, to the Underwriter as soon as practicable after the date of the District's acceptance of this Purchase Contract

(but, in any event, not later than within seven business days after the District's acceptance of this Purchase Contract and in sufficient time to accompany any confirmation that requests payment from any customer) copies of the Official Statement which is complete as of the date of its delivery to the Underwriter in such quantity as the Underwriter shall request in order for the Underwriter to comply with Section (b)(4) of the Rule and the rules of the Municipal Securities Rulemaking Board (the "MSRB"). The District hereby confirms that it does not object to the distribution of the Official Statement in electronic form.

(d) If, after the date of this Purchase Contract to and including the date the Underwriter is no longer required to provide an Official Statement to potential customers who request the same pursuant to the Rule (the earlier of (i) 90 days from the "end of the underwriting period" (as defined in the Rule) and (ii) the time when the Official Statement is available to any person from the MSRB, but in no case less than 25 days after the "end of the underwriting period" for the Certificates (the "Underwriting Period")), the District becomes aware of any fact or event which might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, or if it is necessary to amend or supplement the Official Statement to comply with law, the District will notify the Underwriter (and for the purposes of this clause provide the Underwriter with such information as it may from time to time request), and if, in the opinion of the Underwriter, such fact or event requires preparation and publication of a supplement or amendment to the Official Statement, the District will forthwith prepare and furnish, at the District's own expense (in a form and manner approved by the Underwriter), a reasonable number of copies of either amendments or supplements to the Official Statement so that the statements in the Official Statement as so amended and supplemented will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading or so that the Official Statement will comply with law. If such notification shall be subsequent to the Closing, the District shall furnish such legal opinions, certificates, instruments and other documents as the Underwriter may deem necessary to evidence the truth and accuracy of such supplement or amendment to the Official Statement.

(e) The Underwriter hereby agrees to file the Official Statement with the MSRB. Unless otherwise notified in writing by the Underwriter, the District can assume for the purposes of this Purchase Contract, the "end of the underwriting period" shall mean the earlier of the Closing Date, unless the District has been notified to the contrary by the Underwriter on or prior to the Closing Date or the date on which the "end of the underwriting period" for the Certificates has occurred under the Rule.

(f) The District will undertake, pursuant to the Continuing Disclosure Agreement dated the Closing Date to provide the MSRB (where applicable) (i) certain annual financial information, including audited financial statements and operating data, generally consistent with the information contained or incorporated by reference in the Official Statement, (ii) timely notice of any of the enumerated events identified in the Continuing Disclosure Agreement and the Rule with respect to the Certificates, and (iii)

timely notice of any failure of any obligated person to provide the required annual information on or before the date specified in the Continuing Disclosure Agreement. A description of this undertaking is set forth in the Preliminary Official Statement and will also be set forth in the final Official Statement.

2. [Issue Price Certifications from Underwriter to come]

3. [Reserved].

4. At 9:00 A.M., California time, on September \_\_\_\_, 2020, or at such other time or on such earlier or later business day as shall have been mutually agreed upon by the District and the Underwriter, the District will deliver (i) the Certificates to, or otherwise in care of, The Depository Trust Company (“DTC”), and (ii) the closing documents hereinafter mentioned at the offices of Orrick, Herrington & Sutcliffe LLP, San Francisco, California, or another place to be mutually agreed upon by the District and the Underwriter. The Underwriter will pay the purchase price of the Certificates as set forth in Section 1 hereof by wire transfer of immediately available funds. This payment and delivery, together with the delivery of the aforementioned documents, is herein called the “Closing.”

5. The District represents, warrants and covenants to the Underwriter that:

(a) The District is a county sanitation district duly organized and operating pursuant to the laws of the State of California and has all necessary power and authority to enter into and perform its duties under the Installment Sale Agreement, the Trust Agreement, the Continuing Disclosure Agreement, the Official Statement and this Purchase Contract (collectively, the “District Documents”).

(b) To the best knowledge of the District, neither the execution and delivery of the District Documents, or the approval and execution of the Official Statement or this Purchase Contract, and compliance with the provisions on the District’s part contained therein, nor the consummation of any other of the transactions herein and therein contemplated, nor the fulfillment of the terms hereof and thereof, materially conflicts with or constitutes a material breach of or default under nor materially contravenes any law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the District is a party or is otherwise subject, nor does any such execution, delivery, adoption or compliance result in the security interest or encumbrance of any nature whatsoever upon any of the properties or assets of the District under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument, except as provided by the District Documents.

(c) Except as may be required under blue sky or other securities laws of any state, there is no consent, approval, authorization or other order of, or filing with, or certification by, any regulatory agency having jurisdiction over the District required for the execution and delivery of the Certificates or the consummation by the District of the other transactions contemplated by the Official Statement and this Purchase Contract that have not otherwise been obtained.

(d) Except as otherwise disclosed in the Official Statement, to the best of the knowledge of the District, there is, and on the Closing (as hereinafter defined) there will be, no action, suit, proceeding or investigation at law or in equity before or by any court or governmental agency or body pending or threatened against the District to restrain or enjoin the delivery of any of the Certificates, or the payments to be made pursuant to the Installment Sale Agreement, or in any way contesting or affecting the validity of the District Documents or the Certificates or the authority of the District to approve this Purchase Contract, or enter into the District Documents or contesting the powers of the District to enter into or perform its obligations under any of the foregoing or in any way contesting the powers of the District in connection with any action contemplated by this Purchase Contract or to restrain or enjoin the execution, sale and delivery of the Certificates or, except as described in the Preliminary Official Statement and the Official Statement, the payment of Installment Payments, nor is there any basis for any such action, suit, proceeding or investigation.

(e) The Preliminary Official Statement provided to the Underwriter has been deemed final by the District, as required by Rule 15c2-12. As of the date thereof and at all times during the Underwriting Period, the information relating to the District, the Certificates, the Project, the use of proceeds and the District Documents contained in the Official Statement was and will be materially complete for its intended purposes. As of the date thereof and at all times subsequent thereto up to the Closing, the information relating to the District, the Certificates, the Project, the use of proceeds, the source of funds and the District Documents contained in the Preliminary Official Statement and Official Statement is true and correct in all material respects and such information does not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading in any material respect.

(f) The District agrees to cooperate with the Underwriter in endeavoring to qualify the Certificates for offering and sale under the securities or blue sky laws of such jurisdictions of the United States as the Underwriter may request; provided, however, that the District will not be required to execute a special or general consent to service of process in any jurisdiction in which it is not now so subject or to qualify to do business as a foreign corporation in any jurisdiction where it is not so qualified.

(g) By official action of the District prior to or concurrently with the execution hereof, the District has duly approved the distribution of the Official Statement, and has duly authorized and approved the execution and delivery of, and the performance by the District of the obligations on its part contained in the District Documents and the consummation by it of all other transactions contemplated by the Official Statement and this Purchase Contract.

(h) Except as otherwise disclosed in the Official Statement, to the best knowledge of the District, it is not in breach of or default under any material applicable law or administrative regulation of the State of California or the United States or any material applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the District is a party or is otherwise subject and in connection with which the District is obligated to make payments from its own funds, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a

default or an event of default under any such instrument the consequence of which could materially and adversely affect the performance of the District under the District Documents.

(i) If during the Underwriting Period an event occurs, of which the District has knowledge, which might or would cause the information relating to the District, the Project, or the District's functions, duties and responsibilities contained in the Official Statement, as then supplemented or amended, to contain an untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make such information therein, in the light of the circumstances under which it was presented, not misleading in any material respect, the District will notify the Underwriter, and if, in the opinion of the Underwriter, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the District will cooperate with the Underwriter in the preparation of an amendment or supplement to the Official Statement in a form and in a manner approved by the Underwriter, provided all expenses thereby incurred will be paid for by the District.

(j) If the information relating to the Project, the District, its functions, duties and responsibilities contained in the Official Statement is amended or supplemented pursuant to the immediately preceding subparagraph, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such subparagraph) at all times subsequent thereto up to and including the date of the Closing, the portions of the Official Statement so supplemented or amended (including any financial and statistical data contained therein) will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make such information therein, in the light of the circumstances under which it was presented, not misleading in any material respect.

(k) The District covenants that it will comply with all tax covenants relating to it in the District Documents, the Tax Certificate of the District and this Purchase Contract.

(l) Any certificate of the District delivered to the Underwriter shall be deemed a representation and warranty by the District to the Underwriter as to the statements made therein.

(m) Between the date of this Purchase Contract and the date of Closing, the District will not, except as disclosed in the Official Statement, offer or issue any certificates, notes or other obligations for borrowed money, or incur any material liabilities, direct or contingent, which are payable from the District's general fund.

(n) Since June 30, \_\_\_\_, no material adverse change has occurred in the financial condition, assets, properties or results of operation of the District which is not described in the Official Statement.

(o) the District is in compliance with its prior continuing disclosure undertakings entered into pursuant to Rule 15c2-12 and at or prior to the Closing Date, the District shall have duly authorized, executed and delivered the Continuing Disclosure Agreement.

6. The Corporation represents, warrants and covenants to the Underwriter that:

(a) The Corporation is a nonprofit public benefit corporation duly organized and validly existing pursuant to the laws of the State of California and has all necessary power and

authority to enter into and perform its duties under the Trust Agreement, the Installment Sale Agreement and the Assignment Agreement (collectively, the “Corporation Documents”) and, when executed and delivered by the respective parties thereto, the Corporation Documents will constitute the legal, valid and binding obligations of the Corporation in accordance with their respective terms.

(b) The execution and delivery of the Corporation Documents, and compliance with the provisions thereof, will not conflict with, or constitute a breach of or default under any law, administrative regulation, court decree, resolution, charter, bylaws or other agreement to which the Corporation is subject or by which it is bound.

(c) Except as may be required under blue sky or other securities laws of any state, there is no consent, approval, authorization or other order of, or filing with, or jurisdiction over the Corporation required for the consummation by the Corporation of the transactions contemplated by the Official Statement and this Contract of Purchase.

(d) There is no action, suit, proceeding or investigation at law or in equity before or by any court or governmental agency or body pending or, to the best of its knowledge, threatened against the Corporation to restrain or enjoin the delivery of any of the Certificates, or the assignment of the payments to be made pursuant to the Installment Sale Agreement, or in any way contesting or affecting the validity of the Corporation Documents or the authority of the Corporation to enter into the Corporation Documents or contesting the powers of the Corporation to enter into or perform its obligations under any of the foregoing or in any way contesting the powers of the Corporation in connection with any action contemplated by this Contract of Purchase.

(e) The information relating to the Corporation, its function, duties and responsibilities contained in the Official Statement is true and correct in all material respects and such information does not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(f) By official action of the Corporation prior to or concurrently with the execution hereof, the Corporation has duly approved the distribution of the Official Statement, and has duly authorized and approved the execution and delivery of, and the performance by the Corporation of the obligations on its part contained in the Corporation Documents and the consummation by it of all other transactions contemplated by the Official Statement and the Contract of Purchase.

(g) The Corporation is not materially in breach of or default under any applicable law or administrative regulation of the State of California or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Corporation is a party or is otherwise subject which would have an adverse impact on the Corporation’s ability to perform its obligations under the Corporation Documents, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or an event of default under any such instrument.

(h) If between the date of this Contract of Purchase and the Closing Date an event occurs, of which the Corporation has knowledge, which might or, would cause the information relating to the Corporation or its functions, duties and responsibilities contained in the Official Statement, as then supplemented or amended, to contain an untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make such information therein, in the light of the circumstances under which it was presented, not misleading, the Corporation will notify the Underwriter and the District, and if in the opinion of the Underwriter, the District, or the Corporation, or their respective counsel, such event requires the preparation and publication of a supplement or amendment to such portions of the Official Statement, the Corporation will cooperate with the Underwriter in the preparation of an amendment or supplement to the Official Statement in a form and in a manner approved by the Underwriter, provided all expenses thereby incurred will be paid in accordance with Section 11 hereof.

(i) If the information relating to the Corporation or its functions, duties and responsibilities contained in the Official Statement is amended or supplemented pursuant to the immediately preceding subparagraph, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such subparagraph) at all times subsequent thereto up to and including the Closing Date, the portions of the Official Statement so supplemented or amended (including any financial and statistical data contained therein) will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make such information therein, in the light of the circumstances under which it was presented, not misleading.

(j) The Corporation covenants that it will comply with all tax covenants relating to it in the Corporation Documents and the Tax Certificate.

7. The Underwriter has entered into this Purchase Contract in reliance upon the representations, warranties and agreements of the District contained herein, and the opinions of Special Counsel, Counsel to the Trustee, Counsel to the District, Counsel to the Corporation and Counsel to the Underwriter required hereby. The Underwriter's obligations under this Purchase Contract are and shall be subject to the following further conditions:

(a) At the time of Closing, this Purchase Contract, the Trust Agreement, the Assignment Agreement, the Continuing Disclosure Agreement and the Installment Sale Agreement (collectively the "Legal Documents") all as described in the Official Statement, shall be in full force and effect as valid and binding agreements between or among the various parties thereto and the Legal Documents and the Official Statement shall not have been amended, modified or supplemented except as may have been agreed to in writing by the Underwriter, and there shall be in full force and effect such resolutions as, in the opinion of Orrick, Herrington & Sutcliffe LLP (herein called "Special Counsel"), shall be necessary in connection with the transactions contemplated hereby.

(b) At or prior to the Closing, the Underwriter shall receive the following documents: [description of each opinion to come]



(1) The approving opinion of Special Counsel, dated the date of Closing, in substantially the form attached as APPENDIX D to the Official Statement.

(2) The supplemental opinion of Special Counsel;

(3) [Reserved]

(4) The opinion of counsel to the District;

(5) The opinion of counsel to the Corporation;

(6) The opinion of counsel to the Trustee; and

(7) The opinion of Disclosure Counsel.

(8) A certificate, dated the date of Closing, signed by a duly authorized official of the District satisfactory in form and substance to the Underwriter, (a) confirming as of such date the representations and warranties of the District contained in this Purchase Contract; (b) certifying that the District has complied with all agreements, covenants and conditions to be complied with by the District at or prior to the Closing under the Legal Documents; (c) certifying that to the best of such official's knowledge, no event affecting the District has occurred since the date of the Official Statement which either makes untrue or incorrect in any material respect as of the Closing the statements or information contained in the Official Statement or is not reflected in the Official Statement but should be reflected therein in order to make the statements and information therein not misleading in any material respect; and (d) certifying that the District has authorized and consented to the inclusion in the Official Statement of the District's financial report and accountant's opinion for the year ended June 30, \_\_\_\_, and no further consent of any party is required for such inclusion.

(9) A certificate, dated the date of Closing, signed by a duly authorized official of the Corporation satisfactory in form and substance to the Underwriter (a) confirming as of such date the representations and warranties of the Corporation contained in this Purchase Contract; (b) certifying that the Corporation has complied with all agreements, covenants and conditions to be complied with by the Corporation at or prior to the Closing under the Corporation Documents; (c) certifying that to the best of such official's knowledge, no event affecting the Corporation has occurred since the date of the Official Statement which either makes untrue or incorrect in any material respect as of the Closing the statements or information contained in the Official Statement or is not reflected in the Official Statement but should be reflected therein in order to make the statements and information therein not misleading in any material respect.

(10) [Reserved]

(11) A copy of the Legal Documents.

(12) A copy of the Official Statement.

(13) A copy of the general resolution of the Trustee authorizing the execution and delivery of certain documents by certain officers of the Trustee, which resolution

authorizes the execution and delivery of documents such as the Certificates, the Trust Agreement and the Assignment Agreement.

(14) A copy of the resolution adopted by the District authorizing the execution and delivery of the District Documents and the Official Statement.

(15) A copy of the resolution adopted by the Corporation authorizing the execution and delivery of the Corporation Documents and the Official Statement.

(16) Tax certifications by the District in form and substance acceptable to Special Counsel.

(17) A Certificate of the Trustee [description to come];

(18) [Reserved]

(19) Evidence that the federal tax information form 8038-G has been prepared for filing.

(20) A copy of the Notice of Final Sale required to be delivered to the California Debt and Investment Advisory Commission pursuant to Section 8855 of the California Government Code.

(21) Evidence from Standard and Poor's Corporation (Standard & Poor's") that the Certificates have been assigned a municipal bond rating of "\_\_\_," .

(22) Such additional legal opinions, certificates, proceedings, instruments and other documents as Special Counsel and Counsel for the Underwriter may reasonably request to evidence compliance by the Corporation and District with the legal requirements, the truth and accuracy, as of the time of Closing, of the representations contained herein and in the Official Statement and the due performance or satisfaction by the Corporation and the District at or prior to such time of all agreements then to be performed and all conditions then to be satisfied.

(c) [Reserved]

(d) If the conditions to the Underwriter's obligations contained in this Purchase Contract are not satisfied or if the Underwriter's obligations shall be terminated for any reason permitted by this Purchase Contract, this Purchase Contract shall terminate and neither the Underwriter, the Corporation nor the District shall have any further obligation hereunder.

8. The Underwriter shall have the right to terminate this Purchase Contract, without liability therefor, by written notification to the District if at any time at or prior to the Closing:

(i) any event shall occur which causes any statement contained in the Official Statement to be materially misleading or results in a failure of the Official Statement to state a

material fact necessary to make the statements in the Official Statement, in the light of the circumstances under which they were made, not misleading in any material respect; or

(ii) the marketability of the Certificates or the market price thereof, in the opinion of the Underwriter, has been materially adversely affected by an amendment to the Constitution of the United States or by any legislation in or by the Congress of the United States or by the State, or the amendment of legislation pending as of the date of this Purchase Contract in the Congress of the United States, or the recommendation to Congress or endorsement for passage (by press release, other form of notice or otherwise) of legislation by the President of the United States, the Treasury Department of the United States, the Internal Revenue Service or the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives, or the proposal for consideration of legislation by either such Committee, or the presentment of legislation for consideration as an option by either such Committee, or by the staff of the Joint Committee on Taxation of the Congress of the United States, or the favorable reporting for passage of legislation to either House of the Congress of the United States by a Committee of such House to which such legislation has been referred for consideration, or any decision of any Federal or state court or any ruling or regulation (final, temporary or proposed) or official statement on behalf of the United States Treasury Department, the Internal Revenue Service or other Federal or State authority materially adversely affecting the Federal or State tax status of the District, or the interest on the Certificates or notes or obligations of the general character of the Certificates; or

(iii) any legislation, ordinance, rule or regulation shall be introduced in, or be enacted by any governmental body, department or agency of the States or a decision by any court of competent jurisdiction within the State or any court of the United States shall be rendered which, in the reasonable opinion of the Underwriter, materially adversely affects the market price of the Certificates; or

(iv) legislation shall be enacted by the Congress of the United States, or a decision by a court of the United States shall be rendered, or a stop order, ruling, regulation or official statement by, or on behalf of, the Securities and Exchange Commission or any other governmental agency having jurisdiction of the subject matter shall be issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Certificates, or the issuance, offering or sale of the Certificates, including all underlying obligations, as contemplated hereby or by the Official Statement, is in violation or would be in violation of, or that obligations of the general character of the Certificates, or the Certificates, are not exempt from registration under, any provision of the federal securities laws, including the Securities Act of 1933, as amended and as then in effect, or that the Trust Agreement needs to be qualified under the Trust Indenture Act of 1939, as amended and as then in effect; or

(v) additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority by any national securities exchange which restrictions materially adversely affect the Underwriter's ability to market the Certificates; or

(vi) a general banking moratorium shall have been established by federal or State authorities; or

(vii) the United States has become engaged in hostilities which have resulted in a declaration of war or a national emergency or there has occurred any other escalation or outbreak of hostilities or a national or international calamity or crisis, financial or otherwise, the effect of such outbreak, calamity or crisis on the financial markets of the United States, being such as, in the reasonable opinion of the Underwriter, would affect materially and adversely the ability of the Underwriter to market the Certificates; or

(viii) the commencement of any action, suit, investigation or proceeding which, in the judgment of the Underwriter, materially adversely affects the market price of the Certificates; or

(ix) there shall be in force a general suspension of trading on the New York Stock Exchange; or

(x) the market for the Certificates or the market prices of the Certificates or the ability of the Underwriter to enforce contracts for the sale of the Certificates shall have been materially and adversely affected, in the reasonable professional judgment of the Underwriter; or

(xi) an event described in Section 5(j) hereof shall have occurred which, in the reasonable professional judgment of the Underwriter, requires the preparation and publication of a supplement or amendment to the Official Statement; or

(xii) any rating of, or credit outlook on, the Certificates or other obligations of the District by a national rating agency shall have been withdrawn or downgraded.

9. Performance by the District of its obligations under this Purchase Contract is conditioned upon (i) performance by the Underwriter of its obligations hereunder and (ii) receipt by the Underwriter of all opinions and certificates to be delivered at Closing by persons and entities other than the District.

10. During the Underwriting Period, if any event relating to or affecting the District shall occur as a result of which it is necessary, in the opinion of counsel for the Underwriter, to amend or supplement the Official Statement in order to make the Official Statement not misleading in the light of the circumstances existing at the time it is delivered to an initial purchaser of the Certificates, the District will forthwith prepare and furnish to the Underwriter a reasonable number of copies of an amendment of or supplement to the Official Statement (in form and substance satisfactory to counsel for the Underwriter) which will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Official Statement is delivered to an initial purchaser of the Certificates, not misleading. The costs of preparing any necessary amendment or supplement to the Official Statement to be utilized during the Underwriting Period shall be borne by the District and any costs incurred thereafter incident to amending or supplementing the Official Statement shall be borne by the Underwriter. For the purposes of this section the District will furnish such information as the Underwriter may from time to time request.

11. In connection with the initial placement and underwriting, the District shall pay the following expenses from the proceeds of the Certificates: (a) the cost of preparation,

printing, engraving, execution and delivery of the Certificates; (b) the acceptance fees of the Trustee and any fees and expenses of the Trustee's counsel; (c) any fees charged by any rating agency for rating the Certificates, (d) the fees and disbursements of Special Counsel, Disclosure Counsel, Counsel to the District and the Corporation and the Municipal Advisor; (e) the cost of preparation, distribution, delivery, amendment or supplement of the Official Statement, the Blue Sky and Legal Investment Survey and this Purchase Agreement and expenses to qualify the Certificates for sale under any Blue Sky laws, and (f) as provided in the engagement agreement between the District and the Underwriter, any out-of-pocket disbursements of the District and of the Underwriter incurred in connection with the public offering and distribution of the Certificates, including any advertising expenses and expenses approved by the District (included in the expense component of the spread) incurred on behalf of the District's employees which are incidental to implementing this Purchase Contract, including, but not limited to, meals, transportation and lodging of those employees. All other out-of-pocket expenses of the Underwriter, including the fees and expenses of its counsel, shall be paid by the Underwriter.

12. Any notice or other communication to be given to the Underwriter may be given by delivering the same to [ to come]. Any notice or other communication to be given to the District or the Corporation may be given by delivering the same to addresses initially provided herein, Attention: Treasurer-Tax Collector. The approval of the Underwriter when required hereunder or the determination of satisfaction as to any document referred to herein shall be in writing signed by [Underwriter], and delivered to you.

13. This Purchase Contract is made solely for the benefit of the District, the Corporation and the Underwriter (including the successors or assigns thereof) and no other person shall acquire or have any right hereunder or by virtue hereof.

14. This Purchase Contract may be executed by the parties hereto in separate counterparts, each of which such counterparts shall together constitute but one and the same instrument.

15. This Purchase Contract shall be governed by the laws of the State of California.

[UNDERWRITER].

By \_\_\_\_\_  
Title: \_\_\_\_\_

The foregoing is hereby agreed to  
and accepted as of the date first  
above written:

LAGUNA COUNTY SANITATION DISTRICT

By \_\_\_\_\_

SANTA BARBARA COUNTY FINANCE  
CORPORATION, INC.

By \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT A  
MATURITY SCHEDULE  
{TO COME}**