
2018 INSTALLMENT PURCHASE CONTRACT

Dated as of November 1, 2018

by and between the

COUNTY OF SANTA BARBARA

and the

SANTA BARBARA COUNTY FINANCE CORPORATION, INC.

RELATING TO THE
COUNTY OF SANTA BARBARA
SOLID WASTE SYSTEM PROJECTS

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2018 INSTALLMENT PURCHASE CONTRACT

This 2018 Installment Purchase Contract (the “2018 Installment Purchase Contract”), executed and entered into as of November 1, 2018, by and between the County of Santa Barbara, a political subdivision of the State of California duly organized and existing under and by virtue of the Constitution and laws of the State of California (the “County”), and the Santa Barbara County Finance Corporation, Inc., a nonprofit public benefit corporation duly organized and existing under and by virtue of the laws of the State of California (the “Corporation”);

WITNESSETH:

WHEREAS, the County has determined that the design, acquisition and construction of an expansion of and improvements to the County’s solid waste disposal, recycling, anerobic digester systems and related facilities as described in Exhibit A hereto (the “2018 Project”), is necessary and proper for County purposes and uses under the terms of applicable law and is for the common benefit of the County as a whole; and

WHEREAS, the Corporation has determined to assist in the financing of the design, acquisition and construction of the 2018 Project for the County; and

WHEREAS, the County has determined to make installment payments to the Corporation for the repayment of the costs of the design, acquisition and construction of the 2018 Project and the incidental costs and expenses related thereto paid by the Corporation; and

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and delivery of this Agreement do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into this Agreement;

NOW, THEREFORE, IN CONSIDERATION OF THE PREMISES AND OF THE MUTUAL AGREEMENTS AND COVENANTS CONTAINED HEREIN AND FOR OTHER VALUABLE CONSIDERATION, THE PARTIES HERETO DO HEREBY AGREE AS FOLLOWS:

ARTICLE I

DEFINITIONS

Section 1.01. Definitions. Unless the context otherwise requires, the terms defined in this section shall for all purposes hereof and of any amendment hereof or supplement hereto and of any report or other document mentioned herein or therein have the meanings defined herein, the following definitions to be equally applicable to both the singular and plural forms of any of the terms defined herein:

Accountant's Report

“Accountant's Report” means a report signed by an Independent Certified Public Accountant.

Accreted Value

“Accreted Value” means, with respect to any Capital Appreciation Bonds or Capital Appreciation Certificates, as of the date of calculation, the initial amount thereof plus the interest accrued thereon to such date of calculation, compounded from the date of initial delivery at the approximate interest rate thereof on each June 1 and December 1, as determined in accordance with the table of accreted values for any Capital Appreciation Bonds or Capital Appreciation Certificates prepared by the County at the time of sale thereof, assuming in any year that such Accreted Value increases in equal daily amounts on the basis of a year of three hundred sixty (360) days composed of twelve (12) months of thirty (30) days each.

Bonds

“Bonds” means all revenue bonds of the County issued under and pursuant to applicable law, the payments of the interest on and the principal of and the redemption premiums, if any, on which are payable from the Net Revenues on a parity with the payment of the 2018 Installment Payments.

Business Day

“Business Day” means any day on which the Trustee is open for corporate trust business at its Corporate Trust Office and on which the Federal Reserve System is open for business.

Capital Appreciation Bonds

“Capital Appreciation Bonds” means any Bonds described as such when issued.

Capital Appreciation Certificates

“Capital Appreciation Certificates” means any certificates of participation in Installment Payments described as such when issued.

Certificates

“Certificates” means, collectively, the 2018A Certificates, 2018B Certificates and 2018C Certificates.

Code

“Code” means the Internal Revenue Code of 1986 and the regulations of the United States Department of the Treasury issued thereunder, and in this regard reference to any

particular section of the Code shall include reference to all successors to such section of the Code.

Contracts

“Contracts” means all contracts of the County executed by the County under and pursuant to applicable law, the payment of the Installment Payments under which are payable from Net Revenues on a parity with the payment of the 2018 Installment Payments.

Corporate Trust Office

“Corporate Trust Office” means the office of the Trustee defined as such in the Trust Agreement.

Corporation

“Corporation” means the Santa Barbara County Finance Corporation, Inc., a nonprofit public benefit corporation duly organized and existing under and by virtue of the laws of the State of California.

County

“County” means the County of Santa Barbara, a political subdivision of the State of California duly organized and existing under and by virtue of the Constitution and laws of the State of California.

Current Revenues

“Current Revenues” means all gross income and revenue received or receivable by the County from the ownership, operation or use of the Solid Waste System, determined in accordance with Generally Accepted Accounting Principles, including all rates, fees, charges and revenue (including tipping fees, recovered materials revenue, power revenues and salvage income) received by the County for the use of Solid Waste System and all other income and revenue howsoever derived by the County from the ownership, operation or use of the Solid Waste System, but excluding in all cases any proceeds of taxes and any refundable deposits made to establish credit and advances or contributions in aid of construction.

Debt Service

“Debt Service” means, for any Fiscal Year, the sum of (1) the interest accruing during such Fiscal Year on all outstanding Bonds, assuming that all outstanding serial Bonds are retired as scheduled and that all outstanding term Bonds are redeemed or paid from sinking fund payments as scheduled (except to the extent that such interest is to be paid from the proceeds of sale of any Bonds), (2) that portion of the principal amount of all outstanding serial Bonds maturing on the next succeeding principal payment date that would have accrued during such Fiscal Year if such principal amount were deemed to accrue daily in equal amounts from the next preceding principal payment date or during the year preceding the first principal payment date, as the case may be, (3) that portion of the principal amount of all outstanding term Bonds

required to be redeemed or paid on the next succeeding redemption date (together with the redemption premiums, if any, thereon) that would have accrued during such Fiscal Year if such principal amount (and redemption premiums, if any, thereon) were deemed to accrue daily in equal amounts from the next preceding redemption date or during the year preceding the first redemption date, as the case may be, and (4) that portion of the Installment Payments required to be made at the times provided in the Contracts (except to the extent that the interest portion of the Installment Payments is to be paid from the proceeds of the sale of any certificates of participation) that would have accrued during such Fiscal Year if such Installment Payments were deemed to accrue daily in equal amounts from, in each case, the next preceding Installment Payment Date of interest or principal or the date of the pertinent Contract, as the case may be; provided, that (a) if any of such Bonds are Capital Appreciation Bonds or if the Installment Payments due under any of such Contracts are evidenced by Capital Appreciation Certificates, then the Accreted Value payment shall be deemed a principal payment and interest that is compounded and paid as Accreted Value shall be deemed due on the scheduled redemption or payment date of such Capital Appreciation Bond or Capital Appreciation Certificate, (b) if any of such Bonds or if the Installment Payments due under any such Contracts bear interest payable pursuant to a variable interest rate formula, the interest rate on such Bonds or such Contracts for periods when the actual interest rate cannot yet be determined, shall be assumed to be equal to the current SIFMA Index Rate plus 2.0%, and (c) if 20% or more of the original principal of such Bonds or the Installment Payments due under such Contracts is not due until the final stated maturity of such Bonds or the Installment Payments due under such Contracts, such principal may, at the option of the County, be treated as if it were due based upon a level amortization of such principal over the term of such Bonds or Installment Payments, provided that the full amount of such principal shall be included in the calculation of Debt Service in the event the date of calculation is within 24 months of the actual maturity date of such Bonds or Installment Payment due under such Contract.

Event of Default

“Event of Default” means an event described as such in Section 6.01.

Federal Securities

“Federal Securities” means United States of America Treasury bills, notes, bonds or certificates of indebtedness, or obligations for which the full faith and credit of the United States of America are unconditionally pledged for the payment of interest and principal, or securities evidencing direct ownership interests in such obligations or in specified portions of the interest on or principal of such obligations that are held by a custodian in safekeeping on behalf of the owners of such securities.

Fiscal Year

“Fiscal Year” means the twelve-month period terminating on June 30 of each year, or any other annual accounting period hereafter selected and designated by the County as its Fiscal Year in accordance with applicable law.

Generally Accepted Accounting Principles

“Generally Accepted Accounting Principles” means the uniform accounting and reporting procedures set forth in publications of the American Institute of Certified Public Accountants or its successor and the National Council on Governmental Accounting or its successor, or by any other generally accepted Corporation on such procedures, and includes, as applicable, the standards set forth by the Governmental Accounting Standards Board or its successor.

Independent Certified Public Accountant

“Independent Certified Public Accountant” means any firm of certified public accountants duly licensed and entitled to practice and practicing as such under the laws of the State of California, appointed and paid by the County, and each of whom --

- (1) is in fact independent and not under the domination of the County;
- (2) does not have a substantial financial interest, direct or indirect, in the operations of the County; and
- (3) is not connected with the County as a supervisor, officer or employee of the County, but may be regularly retained to audit the accounting records of the County and make reports thereon to the County.

Installment Payment Date; 2018A Installment Payment Date; 2018B Installment Payment Date and 2018C Installment Payment Date

“Installment Payment Date” means any date on which Installment Payments are scheduled to be paid by the County under and pursuant to any Contract.

“2018A Installment Payment Date” means any date on which 2018A Installment Payments are scheduled to be paid by the County under and pursuant hereto.

“2018B Installment Payment Date” means any date on which 2018B Installment Payments are scheduled to be paid by the County under and pursuant hereto.

“2018C Installment Payment Date” means any date on which 2018C Installment Payments are scheduled to be paid by the County under and pursuant hereto.

Installment Payments; 2018 Installment Payments; 2018A Installment Payments; 2018B Installment Payments and 2018C Installment Payments

“Installment Payments” means the installment payments of interest and principal scheduled to be paid by the County under and pursuant to all Contracts.

“2018 Installment Payments” means 2018A Installment Payments, 2018B Installment Payments and 2018C Installment Payments, collectively.

“2018A Installment Payments,” means the 2018A Installment Payments scheduled to be paid by the County as described herein, under and pursuant hereto.

“2018B Installment Payments” means the 2018B Installment Payments scheduled to be paid by the County as described herein, under and pursuant hereto.

“2018C Installment Payments” means the 2018C Installment Payments scheduled to be paid by the County as described herein, under and pursuant hereto.

2018A Certificates

“2018A Certificates” means the County of Santa Barbara Solid Waste System Revenue Certificates of Participation, Series 2018A (Tax-Exempt–Non-AMT) executed and delivered by the Trustee under and pursuant to the Trust Agreement.

2018B Certificates

“2018B Certificates” means the County of Santa Barbara Solid Waste System Revenue Certificates of Participation, Series 2018B (Tax-Exempt–AMT) executed and delivered by the Trustee under and pursuant to the Trust Agreement.

2018C Certificates

“2018C Certificates” means the County of Santa Barbara Solid Waste System Revenue Certificates of Participation, Series 2018C (Taxable) executed and delivered by the Trustee under and pursuant to the Trust Agreement.

2018 Tax-Exempt Certificates

“2018 Tax-Exempt Certificates” means the 2018A Certificates and 2018B Certificates.

2018A Installment Payment Fund

“2018A Installment Payment Fund” means the fund referred to by that name established pursuant to Section 5.01(b) of the Trust Agreement.

2018B Installment Payment Fund

“2018B Installment Payment Fund” means the fund referred to by that name established pursuant to Section 5.01(c) of the Trust Agreement.

2018C Installment Payment Fund

“2018C Installment Payment Fund” means the fund referred to by that name established pursuant to Section 5.01(d) of the Trust Agreement.

2018 Installment Purchase Contract

“2018 Installment Purchase Contract” means this 2018 Installment Purchase Contract dated as of November 1, 2018, by and between the County and the Corporation, as originally executed and entered into and as it may from time to time be amended in accordance herewith.

2018 Continuing Disclosure Agreement

“2018 Continuing Disclosure Agreement” means the Continuing Disclosure Agreement by and between the County and the Trustee (as dissemination agent), dated _____, 2018.

Insurance Consultant

“Insurance Consultant” means a nationally recognized independent actuary, insurance company or broker that has actuarial personnel experienced in the area of insurance for which the County is self-insuring.

Jurisdictional Rate Stabilization Fund

“Jurisdictional Rate Stabilization Fund” means the fund or account held by the County for the purpose of enhancing Solid Waste System liquidity and providing stability to the Public Participants, including making payments to the Service Contractor.

Maintenance and Operation Costs

“Maintenance and Operation Costs” means the reasonable and necessary costs paid or incurred by the County for maintaining and operating the Solid Waste System, determined in accordance with Generally Accepted Accounting Principles, including all reasonable expenses of management and repair and other expenses necessary to maintain and preserve the Solid Waste System in good repair and working order, state mandated surcharges (including cash contributions to the closure/post closure fund), the annual costs of any permits or licenses, but excluding debt service cost, and including all administrative costs of the County that are charged directly or apportioned to the operation of the Solid Waste System, such as salaries, wages and pension and other post employment benefits of employees, overhead, taxes (if any) and insurance premiums, and including all other reasonable and necessary costs of the County or charges required to be paid by them to comply with the terms hereof or of any resolution authorizing the issuance of any Bonds or of such Bonds, or of any resolution authorizing the execution of any Contract or of such Contract, such as compensation, reimbursement and indemnification of the trustee for any such Bonds or Contracts and fees and expenses of Independent Certified Public Accountants and Independent Engineers, Insurance Consultants, but excluding in all cases depreciation, replacement and obsolescence charges or reserves therefor, amortization of intangibles and intergovernmental transfers by the County which are not reimbursements or payments for overhead or other administrative expenses incurred by the County related to the operation of the System. Maintenance and Operation Costs do not include (i) dividend payments by the County to the Public Participants from the Surplus Fund pursuant to

the terms and provisions of the Material Delivery Agreements, and (ii) payments by the County to the Service Contractor from funds in the Jurisdictional Rate Stabilization Fund.

Material Delivery Agreements

“Material Delivery Agreements” means the Material Processing Services and Delivery Commitment Agreements, between the County and the Public Participants.

Maximum Annual Debt Service

“Maximum Annual Debt Service” means the greatest Debt Service in any Fiscal Year so long as any Bonds or Contracts are Outstanding.

Net Current Revenues

“Net Current Revenues” means, for any Fiscal Year, the Current Revenues during such Fiscal Year less the Maintenance and Operation Costs during such Fiscal Year.

Net Revenues

“Net Revenues” means, for any Fiscal Year, the Revenues during such Fiscal Year less the Maintenance and Operation Costs during such Fiscal Year.

Project; 2018 Projects; 2018A Project; 2018B Project; 2018C Project

“Project” means any additions, betterments, extensions or improvements to the Solid Waste System as a designated Project, the design, acquisition or construction of which (together with the incidental costs and expenses related thereto) is to be financed by the proceeds of any Bonds or any Contracts.

“2018 Projects” means the 2018A Project, the 2018B Project and the 2018C Project.

“2018A Project” means those facilities, including real property, structures, buildings, fixtures or equipment, described in Exhibit A hereto, financed, in whole or in part, from the proceeds of the sale of the 2018A Certificates and any real property structures, buildings, fixtures or equipment acquired in substitution for, as a renewal or replacement of, or a modification or improvement to, all or any part of such facilities.

“2018B Project” means those facilities, including real property, structures, buildings, fixtures or equipment, described in Exhibit A hereto, financed, in whole or in part, from the proceeds of the sale of the 2018B Certificates and any real property structures, buildings, fixtures or equipment acquired in substitution for, as a renewal or replacement of, or a modification or improvement to, all or any part of such facilities.

“2018C Project” means those facilities, including real property, structures, buildings, fixtures or equipment, described in Exhibit A hereto, financed, in whole or in part, from the proceeds of the sale of the 2018C Certificates and any real property structures,

buildings, fixtures or equipment acquired in substitution for, as a renewal or replacement of, or a modification or improvement to, all or any part of such facilities.

Public Participants

“Public Participants” means the cities of Santa Barbara, Goleta, Solvang and Buellton.

Purchase Price; 2018A Purchase Price; 2018B Purchase Price and 2018C Purchase Price

“Purchase Price” means the 2018A Purchase Price, the 2018B Purchase Price and the 2018C Purchase Price.

“2018A Purchase Price” means the principal amount plus the interest thereon owed by the County to the Corporation under the conditions and terms hereof for the repayment of the costs of the design, acquisition and construction of the 2018A Project and the incidental costs and expenses related thereto paid by the Corporation.

“2018B Purchase Price” means the principal amount plus the interest thereon owed by the County to the Corporation under the conditions and terms hereof for the repayment of the costs of the design, acquisition and construction of the 2018B Project and the incidental costs and expenses related thereto paid by the Corporation.

“2018C Purchase Price” means the principal amount plus the interest thereon owed by the County to the Corporation under the conditions and terms hereof for the repayment of the costs of the design, acquisition and construction of the 2018C Project and the incidental costs and expenses related thereto paid by the Corporation.

Rate Stabilization Fund

“Rate Stabilization Fund” means the fund or account referred to by that name and held by the County in accordance with Section 3.04 hereof.

Reserve Fund

“Reserve Fund” means the fund or account referred to by that name established pursuant to Section 5.03 of the Trust Agreement.

Reserve Fund Requirement

“Reserve Fund Requirement” means the amount defined as such in the Trust Agreement.

Revenues

“Revenues” means Current Revenues plus deposits to the Revenue Fund from amounts on deposit in the Rate Stabilization Fund, but only as and to the extent specified in

Section 3.04, less amounts transferred to the Rate Stabilization Fund (other than the initial deposit therein).

Revenue Fund

“Revenue Fund” means the fund or account referred to by that name and held by the County in accordance with Section 3.05 hereof.

Service Contractor

“Service Contractor” means the contractor defined in the service agreement between the County and MSB Investors, LLC for the development of the Tajiguas Resource Recovery Project.

SIFMA Index Rate

“SIFMA Index Rate” means the SIFMA Municipal Swap Index calculated and published by Bloomberg as of the date of any calculation of Debt Service (or, if the SIFMA Municipal Swap Index ceases to be published, any comparable nationally recognized high-grade tax-exempt debt index specified by the District).

Solid Waste System

“Solid Waste System” means all solid waste collection, processing, diversion, composting, recycling, disposal and power generation facilities (including related equipment) and any other facilities related thereto now owned by the County, and all other facilities (including related equipment) for solid waste collection, processing, diversion, composting, recycling, disposal and power generation hereafter acquired and constructed by the County and such other facilities, which may or may not be owned by the County, determined by the County to be a part of the Solid Waste System. Solid Waste System shall not include any Special Facilities.

Special Facility

“Special Facility” means any existing or planned facility, structure, equipment or other property, real or personal, which is designated as a Special Facility pursuant to Section 4.02 hereof.

Special Facility Obligations

“Special Facility Obligations” means any revenue bonds, notes, bond anticipation notes, commercial paper or other evidences of indebtedness for borrowed money issued or incurred by the County to finance a Special Facility, the principal of, premium, if any, and interest on which are payable from and secured by the Special Facility Revenues derived from such Special Facility, and not from or by Net Revenues.

Special Facility Revenues

“Special Facility Revenues” means the revenues earned by the County from or with respect to a Special Facility and which are designated as such by the County, including but not limited to contractual payments to the County under a loan agreement, lease agreement or other written agreement with respect to the Special Facility by and between the County and the person, firm, corporation or other entity, either public or private, as shall operate, occupy or otherwise use the Special Facility.

Trust Agreement

“Trust Agreement” means the Trust Agreement dated as of November 1, 2018, by and among the Trustee, the Corporation and the County providing for the issuance of the Certificates, as originally executed and entered into and as it may from time to time be amended or supplemented in accordance with its terms.

Trustee

“Trustee” means U.S. Bank National Association, a national banking association duly organized and existing under and by virtue of the laws of the United States of America, at its Corporate Trust Office, as Trustee under the Trust Agreement, or any successor Trustee thereunder which may at any time be substituted in place of the original or any successor Trustee as provided in Section 8.02 of the Trust Agreement, at its Corporate Trust Office.

ARTICLE II

THE 2018 PROJECTS

Section 2.01. Design, Acquisition and Construction of the 2018 Projects. The Corporation hereby agrees to design, acquire and construct the 2018 Projects for the County. In order to implement this provision, the Corporation hereby appoints the County as its agent for the purpose of such design, acquisition and construction, and the County hereby agrees to enter into such engineering, design and construction contracts and purchase orders as may be necessary, as agent for the Corporation, to provide for the complete design, acquisition and construction of the 2018 Projects. The County hereby agrees that as such agent it will cause the design, acquisition and construction of the 2018 Projects to be diligently completed after the transfer of proceeds of the 2018 Certificates for such purpose pursuant to Section 3.02 of the Trust Agreement. The Corporation hereby agrees to sell, and hereby sells, the 2018 Project to the County. The County hereby agrees to purchase, and hereby purchases, the 2018 Project from the Corporation on the terms and conditions specified herein. Notwithstanding the foregoing, it is hereby expressly understood and agreed that the Corporation shall be under no liability of any kind or character whatsoever for the payment of any costs or expenses incurred by the County (whether as agent for the Corporation or otherwise) for the acquisition and construction of the 2018 Projects and that all such costs and expenses shall be paid by the County, regardless of whether proceeds of the 2018 Certificates transferred to the County are sufficient to cover all such costs.

ARTICLE III

2018 INSTALLMENT PAYMENTS

Section 3.01. Purchase Price.

(a) The principal amount of the 2018A Purchase Price to be paid by the County to the Corporation hereunder is _____ dollars (\$_____).

(b) The principal amount of the 2018B Purchase Price to be paid by the County to the Corporation hereunder is _____ dollars (\$_____).

(c) The principal amount of the 2018C Purchase Price to be paid by the County to the Corporation hereunder is _____ dollars (\$_____).

(d) The interest to accrue on the unpaid balance of such principal amounts shall be paid by the County as and shall constitute interest paid on the principal amount of the County's Purchase Price obligation hereunder.

(e) Interest on the unpaid balance of the principal amount of the 2018A Purchase Price shall accrue from _____, on the principal component of each 2018A Installment Payment at the following rates:

<u>2018A Installment Payment Date (December 1)</u>	<u>Principal Amount of 2018A Installment Payments</u>	<u>Interest Rate (per annum)</u>
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(f) Interest on the unpaid balance of the principal amount of the 2018B Purchase Price shall accrue from _____, on the principal component of each 2018B Installment Payment at the following rates:

<u>2018B Installment Payment Date (December 1)</u>	<u>Principal Amount of 2018B Installment Payments</u>	<u>Interest Rate (per annum)</u>
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(g) Interest on the unpaid balance of the principal amount of the 2018C Purchase Price shall accrue from _____, on the principal component of each 2018C Installment Payment at the following rates:

2018C Installment Payment Date (December 1)	Principal Amount of 2018C Installment Payments	Interest Rate (per annum)
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Section 3.02. Payment of 2018 Installment Payments. The County shall, subject to prepayment as provided in Section 3.03, pay the Corporation the Purchase Price, without offset or deduction of any kind, by paying the principal installments of the 2018 Installment Payments annually in the amounts and on or before the last Business Day prior to each 2018 Installment Payment Date, together with interest installments of the 2018 Installment Payments, which interest installments shall be paid semiannually in the amounts and on or before the last Business Day prior to each Interest Payment Date in accordance with Exhibit B attached hereto and incorporated herein.

The obligation of the County to pay the Purchase Price by paying the 2018 Installment Payments is subject to Section 8.01, absolute and unconditional, and until such time as the 2018 Installment Payments shall have been paid in full (or provision for the payment thereof shall have been made pursuant to Section 7.01), the County will not discontinue or suspend any 2018 Installment Payments required to be paid by it under this section when due, whether or not the Project or any part thereof is operating or operable, or its use is suspended, interfered with, reduced, curtailed or terminated in whole or in part, and such payments shall not be subject to reduction whether by offset or otherwise and shall not be conditional upon the performance or nonperformance by any party to any agreement for any cause whatsoever.

In order to carry out and effectuate the obligation of the County contained herein to pay the Purchase Price by paying the 2018 Installment Payments, the County agrees and covenants that all Current Revenues received by it shall, in accordance with Section 3.05 hereof be deposited when and as received in the Revenue Fund established under Section 3.05, and all money on deposit in the Revenue Fund shall be applied and used only in accordance with Section 3.05 hereof and as provided herein.

All Net Revenues shall be used for the payment of the Bonds and the Contracts as provided herein, and the Net Revenues shall not be used for any other purpose while any of the

2018 Installment Payments remain unpaid; provided, that out of the Net Revenues there may be apportioned such sums for such purposes as are expressly permitted by this Article III.

Section 3.03. Prepayment of 2018 Installment Payments.

(a) The County may prepay the 2018 Installment Payments on any date as a whole or in part, from amounts deposited in the Insurance Proceeds Fund pursuant to Section 5.11 hereof, at a prepayment price equal to the sum of the principal amount to be prepaid plus accrued interest thereon.

(b) [optional prepayment provisions to track Trust Agreement]

(c) Before making any prepayment pursuant to this section, the County shall give written notice to the Corporation and the Trustee describing such event and specifying the date on which the prepayment will be paid and the order thereof, which date shall be not less than forty-five (45) days from the date such notice is given (unless a shorter period is acceptable to the Corporation and the Trustee); provided, that notwithstanding any such prepayment, the County shall not be relieved of its obligations hereunder, including specifically its obligations under this article, until the Purchase Price shall have been fully paid (or provision for payment thereof shall have been made pursuant to Article VII).

Section 3.04. Rate Stabilization Fund. The County shall maintain and hold a separate fund or account known as the “Rate Stabilization Fund,” which is hereby established. On the date of execution and delivery of the Certificates, the County shall deposit \$[_____] into the Rate Stabilization Fund. From time to time thereafter, the County may deposit in the Rate Stabilization Fund from Current Revenues such amounts as the County shall determine, provided that deposits for each Fiscal Year may be made until (but not after) 180 days following the end of such Fiscal Year. The County may withdraw funds from the Rate Stabilization Fund for any lawful purpose of the County relating to the Solid Waste System. In addition, the County may withdraw amounts from the Rate Stabilization Fund for transfer to the Revenue Fund in accordance with Section 3.05 hereof, for inclusion in Revenues for any Fiscal Year, such withdrawals to be made until (but not after) 180 days after the end of such Fiscal Year. All interest or other earnings on deposits in the Rate Stabilization Fund shall be withdrawn therefrom and accounted for as Current Revenues. Notwithstanding the foregoing, no deposit of Current Revenues to the Rate Stabilization Fund may be made to the extent such Current Revenues were included in an engineer's or accountant's certificate submitted in accordance with Section 4.01 hereof and withdrawal of the Current Revenues to be deposited in the Rate Stabilization Fund from Revenues employed in rendering said engineer's or accountant's certificate would cause noncompliance with Section 4.01.

Section 3.05. Revenue Fund. The County shall maintain and hold a separate fund or account known as the “Revenue Fund.” The Current Revenues and transfers from the Rate Stabilization Fund shall be deposited in a Revenue Fund. Any interest generated by the Revenue Fund shall remain in the fund. The County shall pay all Maintenance and Operation Costs (including amounts reasonably required to be set aside in contingency reserves for Maintenance and Operation Costs the payment of which is not then immediately required) from the Revenue Fund as they become due and payable, and all remaining money on deposit in the

Revenue Fund shall be set aside and deposited by the County at the following times in the following order of priority:

(a) 2018A Installment Payment Fund; 2018B Installment Payment Fund and 2018C Installment Payment Fund.

On or before the last Business Day next preceding June 1 and December 1 of each year, beginning June 1, 2019, the County shall, from the money in the Revenue Fund, transfer to the Trustee for deposit in the 2018A Installment Payment Fund, 2018B Installment Payment Fund and 2018C Installment Payment Fund (on a parity basis with each such fund, and on a parity with the payments of Debt Service constituting interest required to be made for all Bonds and other Contracts) a sum equal to the amount of interest becoming due hereunder on such June 1 or December 1, as the case may be; and on or before the last Business Day next preceding December 1 of each year, beginning December 1, 2019, the County shall, from the money in the Revenue Fund, transfer to the Trustee for deposit in the 2018A Installment Payment Fund, 2018B Installment Payment Fund and 2018C Installment Payment Fund (on a parity basis with each such fund, and on a parity with the payments of Debt Service constituting principal required to be made for all Bonds and other Contracts) a sum equal to the amount of principal becoming due hereunder on such December 1; except that no such transfer to and deposit in the 2018A Installment Payment Fund, 2018B Installment Payment Fund and 2018C Installment Payment Fund need be made if the amount available and contained in each fund, respectively, is at least equal to the amount of interest becoming due hereunder on such June 1 or December 1, as the case may be, plus the amount of principal becoming due hereunder on such December 1.

(b) Reserve Fund Deposits. On or before the last Business Day next preceding June 1 and December 1 of each year, beginning in June 1, 2019, the County shall, from the remaining money in the Revenue Fund, thereafter transfer to the Trustee for deposit in the Reserve Fund (on a parity with reserve fund deposits, if any, required to be made for all Bonds and other Contracts) the sum, if any, necessary to restore the Reserve Fund to an amount at least equal to the Reserve Fund Requirement.

(c) Surplus Fund. On June 1 and December 1 of each year, beginning on June 1, 2019, all remaining money in the Revenue Fund after making the foregoing deposits shall be withdrawn from the Revenue Fund and deposited by the County in the Surplus Fund. Moneys in the Surplus Fund may be applied for any lawful purpose of the County relating to the Solid Waste System.

Section 3.06. Pledge of Net Revenues. All Net Revenues are hereby irrevocably pledged to the payment of the 2018 Installment Payments; provided, that out of the Net Revenues there may be apportioned such sums for such purposes as are permitted by this Article III. This pledge shall constitute a lien on the Net Revenues for the payment of the 2018 Installment Payments, principal of and interest on all Bonds and Installment Payments on all other Contracts in accordance with the terms thereof.

ARTICLE IV

ADDITIONAL BONDS AND CONTRACTS

Section 4.01. Additional Bonds and Contracts. The County may at any time issue any Bonds, the payments under and pursuant to which, or execute any Contract the Installment Payments under and pursuant to which, as the case may be, are payable on a parity with the payment by the County of the 2018 Installment Payments from the Net Revenues as provided herein.

For the purposes of this Section 4.01, (a) “Additional Obligations” shall mean all additional Bonds to be issued, and/or Contracts to be executed, by the County pursuant to this Section 4.01 and (b) “Additional Revenues” shall mean any or all of the following amounts: (a) an allowance for Current Revenues arising from any increase in the rates, fees and charges made for service from the Solid Waste System which has become effective prior to issuance of the proposed “Additional Obligations” but which, during all or any part of such Fiscal Year or such 12-month period (as referenced in the following paragraph), was not in effect, in an amount equal to the total amount by which the Current Revenues would have been increased if such increase in rates, fees and charges had been in effect during the whole of such Fiscal Year or such 12-month period (referenced in the following paragraph), all as shown by a Certificate of the County; and (b) an allowance for Current Revenues from any additions or improvements to or extensions of the Solid Waste System to be financed from the proceeds of the proposed Additional Obligations or from any other source but in any case which, during all or any part of such Fiscal Year or such 12-month period (referenced in the following paragraph) were not in service, all in an amount equal to 80% of the estimated additional average annual Current Revenues to be derived from such additions, improvements and extensions for the first 36-month period in which each addition, improvement or extension is to be in operation, all as shown by the certificate or opinion of a qualified independent engineer, who may be employed by the County.

Notwithstanding anything in this Section 4.01 to the contrary, no Additional Obligations may be issued, or entered into, by the County unless (a) no Event of Default shall have occurred and be continuing, and (b) Net Revenues for the most recent audited Fiscal Year or for any more recent consecutive twelve-month period selected by the County preceding the date of issuance or execution of such Additional Obligations, plus (at the option of the County) any Additional Revenues, are at least equal to one hundred fifty percent (150%) of the Maximum Annual Debt Service on all outstanding Bonds and Contracts and on such Additional Obligations, as evidenced by a Certificate of the County.

If any such Bonds are issued or any such Contracts are executed, the terms of such Bonds or Contracts shall provide that Net Revenues shall be applied among the 2018 Installment Payments and the principal of and interest on such Bonds and the installment payments under such Contracts, ratably, according to the amounts due thereon, without discrimination or preference and without taking into account any amounts available under any debt service reserve funds.

Notwithstanding the foregoing provisions, there shall be no limitations on the ability of the County to execute any Contract or to issue any Bonds, or arrange with the Corporation to execute any Contract or to issue any Bonds at any time to refund any outstanding Bonds or any outstanding Contracts, provided that during the period in which Bonds or Contracts (other than the refunding or refunded Bonds and Contracts) will be outstanding, the Debt Service due in each Fiscal Year following such refunding will be less than what the Debt Service due in such Fiscal Year would have been without such refunding.

There shall be no limitations on the ability of the County to incur debt or other obligations payable from Net Revenues on a basis subordinate to the payment by the County of the 2018 Installment Payments.

Section 4.02. Special Facilities and Special Facility Obligations. The County from time to time, subject to the terms and conditions of this Section 4.02, may (a) designate an existing or planned facility, structure, equipment or other property, real or personal, as a “Special Facility,” (b) provide that revenues earned by the County from or with respect to such Special Facility shall constitute “Special Facility Revenues” and shall not be included as Current Revenues, and (c) issue or incur Special Facility Obligations primarily for the purpose of acquiring, constructing, renovating or improving, or providing financing to a third party to acquire, construct, renovate or improve, such Special Facility. The Special Facility Obligations shall be payable as to principal, purchase price, if any, redemption premium, if any, and interest from and secured by the Special Facility Revenues with respect thereto, and not from or by Net Revenues. The County from time to time may refinance any such Special Facility Bonds with other Special Facility Bonds.

No Special Facility Bonds shall be issued by the County unless there shall have been filed with the Trustee a Certificate of the County to the effect that the estimated Special Facility Revenues with respect to the proposed Special Facility shall be at least sufficient to pay the principal (either at maturity or by mandatory sinking fund redemptions) or purchase price of and interest on such Special Facility Obligations as and when the same shall become due, all costs of operating and maintaining such Special Facility not paid by a party other than the County, and all sinking fund, reserve fund and other payments required with respect to such Special Facility Obligations as and when the same shall become due.

ARTICLE V

COVENANTS OF THE COUNTY

Section 5.01. Compliance with Agreement and Trust Agreement. The County will punctually pay the 2018 Installment Payments in strict conformity with the terms hereof, and will faithfully observe and perform all the agreements, conditions, covenants and terms contained herein required to be observed and performed by it, and will not terminate this Agreement for any cause including, without limiting the generality of the foregoing, any acts or circumstances that may constitute failure of consideration, destruction of or damage to the Project, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State of California or any political subdivision of either or any failure of the Corporation to observe or perform any agreement, condition, covenant or term contained

herein required to be observed and performed by it, whether express or implied, or any duty, liability or obligation arising out of or connected herewith or the insolvency, or deemed insolvency, or bankruptcy or liquidation of the Corporation or any force majeure, including Acts of God, tempest, storm, sea water intrusion, earthquake, war, rebellion, riot, civil disorder, acts of public enemies, blockade or embargo, strikes, industrial disputes, lockouts, lack of transportation facilities, fire, explosion, or acts or regulations of governmental authorities.

The County shall not supplement, amend, modify or terminate any of the terms of this Agreement, or consent to any such supplement, amendment, modification or termination, without the written consent of the Trustee. The Trustee shall give such written consent only if (a) in an Opinion of Counsel furnished to the Trustee, such supplement, amendment, modification or termination will not materially adversely affect the interests of the registered owners of the respective 2018 Certificates or result in any material impairment of the security hereby given for the payment of such certificates, or (b) the Trustee first obtains the written consent of the registered owners of a majority in principal amount of the 2018 Certificates then outstanding to such supplement, amendment, modification or termination.

The County will faithfully observe and perform all the agreements, conditions, covenants and terms contained in the Trust Agreement required to be observed and performed by it, and it is expressly understood and agreed by and among the parties to this Agreement and the Trust Agreement that each of the agreements, conditions, covenants and terms contained in each such agreement is an essential and material term of the obligation of the County to pay the Purchase Price pursuant to, and in accordance with, and as authorized under law and this Agreement.

Section 5.02. Use of Proceeds of 2018 Certificates. The Corporation and the County agree that the proceeds 2018 Certificates will be used by the County, as agent for the Corporation, to pay the costs of the acquisition and construction of the 2018 Project and to pay the incidental costs and expenses related thereto as provided herein and in the Trust Agreement.

Section 5.03. Against Encumbrances. The County will pay or cause to be paid when due all sums of money that may become due or purporting to be due for any labor, services, materials, supplies or equipment furnished, or alleged to have been furnished, to or for the County in, upon, about or relating to the Solid Waste System and will keep the Solid Waste System free of any and all liens against any portion of the Solid Waste System. In the event any such lien attaches to or is filed against any portion of the Solid Waste System, the County will cause each such lien to be fully discharged and released at the time the performance of any obligation secured by any such lien matures or becomes due, except that if the County desires to contest any such lien it may do so. If any such lien shall be reduced to final judgment and such judgment or any process as may be issued for the enforcement thereof is not promptly stayed, or if so stayed and such stay thereafter expires, the County will forthwith pay or cause to be paid and discharged such judgment. The County will, to the maximum extent permitted by law, indemnify and hold the Corporation and the Trustee harmless from, and defend each of them against, any claim, demand, loss, damage, liability or expense (including attorneys' fees) as a result of any such lien or claim of lien against any portion of the Solid Waste System.

The County may pledge, encumber or otherwise secure its obligations with the Net Revenues, provided, that in all instances any such pledge, lien or security satisfies the requirements of Section 4.01 or is wholly subordinate and junior to the obligations of the County contained herein, particularly Section 3.02.

Section 5.04. Against Sale or Other Disposition of Property. The County will not sell, lease or otherwise dispose of the Solid Waste System or any part thereof essential to the proper operation of the Solid Waste System or to the maintenance of the Net Revenues, and will not enter into any agreement or lease which would impair the operation of the Solid Waste System or any part thereof necessary to secure adequate Net Revenues for the payment of the 2018 Installment Payments, or which would otherwise impair the rights of the Corporation with respect to the Net Revenues or the operation of the Solid Waste System; provided, that any real or personal property which has become nonoperative or which is not needed for the efficient and proper operation of the Solid Waste System, or any material or equipment which has become worn out, may be sold if such sale will not reduce the Net Revenues below the requirements to be maintained under Section 5.15.

Section 5.05. Tax Covenants. The County will at all times do and perform all acts and things permitted by law which are necessary or desirable in order to assure that the interest represented by the 2018 Tax-Exempt Certificates is excluded from gross income of the owners of the affected 2018 Tax-Exempt Certificates for federal income tax purposes under the Code and is exempt from State of California personal income taxes, will take no action that would result in such interest being not excluded or not exempt, as applicable. Without limiting the foregoing, the County will at all times comply with the requirements of the Tax Certificate (as that term is defined in the Trust Agreement) executed in connection with the execution and delivery of the 2018 Tax-Exempt Certificates. This covenant shall survive any defeasance or discharge of the 2018 Certificates pursuant to Article VII.

Section 5.06. Prompt Acquisition and Construction of the 2018 Project. The County will take all necessary and appropriate steps to acquire and construct the 2018 Project, as agent of the Corporation, with all practicable dispatch and in an expeditious manner and in conformity with law so as to complete the same as soon as possible. The County agrees to apply the proceeds of performance bonds, if any, to completion of the 2018 Project. In the event proceeds of the 2018 Certificates are not sufficient to enable the County to complete the 2018 Project, the County will use its best efforts to obtain additional monies, through Bonds, Contracts or otherwise, to allow the County to complete the 2018 Project.

Section 5.07. Continuing Disclosure. The County hereby covenants and agrees that it will comply with and carry out all of the provisions of the 2018 Continuing Disclosure Agreement. Notwithstanding any other provision of this Agreement, failure of the County to comply with the 2018 Continuing Disclosure Agreement shall not be considered an Event of Default; however, the Trustee shall, at the written request of any Participating Underwriter (as defined in the 2018 Continuing Disclosure Agreement) or of the Owners of at least 25% in aggregate principal amount of Outstanding 2018 Certificates (but only to the extent funds in an amount satisfactory to the Trustee have been provided to it or it has been otherwise indemnified to its satisfaction from any cost, liability, expense or additional charges and fees of the Trustee whatsoever, including, without limitation, reasonable fees and expenses of its attorneys), or any

Owner or Beneficial Owner of any 2018 Certificate may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the County or the Trustee, as the case may be, to comply with its obligations under this Section. For purposes of this Section, “Beneficial Owner” means any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any 2018 Certificates (including persons holding Certificates through nominees, depositories or other intermediaries).

Section 5.08. Maintenance and Operation of the Projects; Budgets. (a) The County will maintain and preserve the Solid Waste System in good repair and working order at all times and will operate the Solid Waste System in an efficient, economical and environmentally sound manner and will pay all Maintenance and Operation Costs as they become due and payable. The Solid Waste System shall be maintained and operated in accordance with this Agreement.

(b) No later than one year prior to the termination date of a contract for the operation of the 2018 Projects for which the County does not plan to exercise an option to extend the contract, the County shall either (i) initiate a process for identifying a new company that is experienced in the operations of solid waste enterprises like the Solid Waste System or (ii) initiate a process for assuming responsibility for managing the Solid Waste System itself.

(c) Not later than September 1st of each year, the County will adopt and, if requested, make available to the Corporation and the Trustee, a budget setting forth the estimated Maintenance and Operation Costs and the estimated payments for Debt Service for the then current Fiscal Year which budget shall provide for the collection of Revenues and Net Revenues sufficient to satisfy the requirements of Section 5.15; provided, that any such budget may be amended at any time during any Fiscal Year, and shall be amended if necessary to satisfy the requirements of Section 5.15, and, if requested, any amended budget shall be made available to the Corporation or Trustee.

Section 5.09. Compliance with Contracts. The County will comply with, keep, observe and perform all agreements, conditions, covenants and terms, express or implied, required to be performed by it contained in all contracts for the use of the Solid Waste System and all other contracts affecting or involving the Solid Waste System to the extent that the County is a party thereto.

Section 5.10. Payment of Claims. The County will pay and discharge any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien on the Net Revenues or any part thereof prior or superior to the obligation to make the 2018 Installment Payments as provided herein or which might impair the security of the 2018 Installment Payments.

Section 5.11. Insurance. (a) The County will procure and maintain, or cause to be procured and maintained, such insurance relating to the Solid Waste System which it shall deem advisable or necessary to protect its interests and the interests of the Corporation and the Trustee, which insurance shall afford protection in such amounts and against such risks as are usually covered in connection with municipal solid waste disposal systems similar to the Solid

Waste System; provided, that any such insurance may be maintained under a self-insurance program so long as such self-insurance is maintained in the amounts and manner usually maintained in connection with municipal solid waste disposal systems similar to the Solid Waste System and is, in the opinion of an Insurance Consultant, financially sound. All policies of insurance required to be maintained herein shall provide that the Corporation and the Trustee shall be given thirty (30) days' written notice of any intended cancellation thereof or reduction of coverage provided thereby.

(b) The proceeds of any casualty insurance with respect to the 2018 Projects, if received by the County, shall be deposited in a special fund which the County shall establish and maintain to be known as the "Insurance Proceeds Fund." Within one hundred eighty (180) days of payment of such proceeds, the County shall indicate to the Trustee in a Certification whether it elects to repair or replace the 2018 Projects in whole or in part. In the event that the County elects to repair or replace the 2018 Projects, it shall furnish to the Trustee, concurrently with such Certification, plans of the contemplated repair or replacement, accompanied by a certificate of an architect or other qualified expert estimating the reasonable cost of such repair or replacement and the time required to complete such work and shall deliver to the Trustee a Certification of the County stating that amounts in the Insurance Proceeds Fund, together with investment income reasonably expected to be received with respect thereto and any other funds available or reasonably expected to become available therefor shall be sufficient to pay the contemplated repair or replacement in accordance with said plans. Subject to subsection (c) of this Section, moneys in the Insurance Proceeds Fund shall be disbursed by the County for the purposes of repairing or replacing the 2018 Projects in whole or in part.

(c) In the event the County shall not elect to repair or replace the 2018 Projects damaged or destroyed in whole, as provided in subsection (b) of this Section, the County shall transfer to the Trustee all amounts, or the amounts in excess of those needed to pay the contemplated repair or replacement (if any), as the case may be, in the Insurance Proceeds Fund for deposit in the Prepayment Account held under the Trust Agreement.

Section 5.12. Accounting Records and Financial Statements.

(a) The County will keep appropriate accounting records in which complete and correct entries shall be made of all transactions relating to the Solid Waste System, which records shall be available for inspection by the Corporation and the Trustee at reasonable hours and under reasonable conditions.

(b) The County will prepare and file with the Corporation and the Trustee annually within two hundred ten (210) days after the close of each Fiscal Year (commencing with the Fiscal Year ending June 30, 2019) financial statements of the County for the preceding Fiscal Year prepared in accordance with generally accepted accounting principles, together with an Accountant's Report thereon. The Trustee shall not be responsible for reviewing such financial statements.

Section 5.13. Protection of Security and Rights of the Corporation and the Trustee. The County will preserve and protect the security hereof and the rights of the

Corporation and the Trustee to the 2018 Installment Payments hereunder and will warrant and defend such rights against all claims and demands of all persons.

Section 5.14. Payment of Taxes and Compliance with Governmental Regulations. The County will pay and discharge all taxes, assessments and other governmental charges which may hereafter be lawfully imposed upon the Solid Waste System or any part thereof when the same shall become due. The County will duly observe and conform with all valid regulations and requirements of any governmental authority relative to the operation of the Solid Waste System, including all environmental regulations and requirements, or any part thereof, but the County shall not be required to comply with any regulations or requirements so long as the validity or application thereof shall be contested in good faith.

Section 5.15. Amount of Charges, Fees and Rates. The County will fix, prescribe and collect charges, fees and rates for the use of the Solid Waste System which are reasonably fair and nondiscriminatory and which shall be at least sufficient to yield (i) Net Revenues during each Fiscal Year equal to one hundred fifty percent (150%) of the Debt Service for such Fiscal Year, and (ii) Net Current Revenues during each Fiscal Year equal to Debt Service for such Fiscal Year. The County may make adjustments from time to time in such charges, fees and rates and may make such classification thereof as it deems necessary, but shall not reduce the charges, fees and rates then in effect unless the Net Revenues from such reduced charges, fees and rates will at all times be sufficient to meet the requirements of this section.

The County may make adjustments from time to time in such rates, fees and charges and may make such classification thereof as it deems necessary, but shall not reduce the rates, fees and charges then in effect unless the Revenues and the Net Revenues from such reduced rates, fees and charges will at all times be sufficient to meet the requirements of this section and will increase rates, fees and charges if necessary to produce Revenues and Net Revenues in amounts sufficient to meet the requirements of this section.

Section 5.16. Collection of Rates, Fees and Charges. The County will have in effect at all times rules and regulations requiring each user of the Solid Waste System to pay the rates, fees and charges applicable to the facilities of the County. The County will not permit any part of the Solid Waste System to be used or taken advantage of free of charge by any corporation, firm or person, or by any public agency (including the United States of America, the State of California, the County, the Corporation and any city, county, district, political subdivision, public corporation or agency of any thereof); provided, that the County may without charge use portions of the Solid Waste System for purposes other than solid waste disposal or permit occasional, promotional "free days" so long as such use does not materially interfere with the operation of the Solid Waste System.

Section 5.17. Provision of Solid Waste Services; No Abandonment of the Solid Waste System. The County, to the extent permitted by law, will use its best efforts and take whatever actions are within the scope of its powers at all times to provide solid waste disposal and processing services within the service area of the Solid Waste System. The County shall not abandon the Solid Waste System and shall continue to provide solid waste disposal capacity sufficient to enable it to comply with the terms hereof; provided, that, the County may provide such capacity by making available transfer and/or disposal facilities owned and operated by the

County or by making contractual or other arrangements for the use of transfer and/or disposal facilities (either inside or outside the geographic boundaries of the County) owned or operated by persons other than the County. In the event of loss or damage to any material portion of the Solid Waste System or the occurrence of any other event which prevents the County from accepting solid waste at the facilities or the Solid Waste System, the County will use its best efforts to take whatever actions are within its powers to provide other facilities or services necessary to provide the solid waste management services necessary to maintain Net Revenues as required under this Agreement.

Section 5.18. Flow Control. The County shall, to the extent permitted by law, use its best efforts and take whatever actions are within the scope of its powers to ensure that sufficient solid waste is processed and disposed of through the Solid Waste System to generate Net Revenues as required by this Agreement.

Section 5.19. Against Competitive Facilities. The County will not, to the extent permitted by law, acquire, purchase, maintain or operate and will not, to the extent permitted by law and within the scope of its powers, permit any other public or private agency, corporation, County or political subdivision or any person whomsoever to acquire, purchase, maintain or operate any solid waste management system competitive with the Solid Waste System, unless the competitive facilities will not materially adversely affect the ability of the County to fulfill its obligations under this Agreement.

Section 5.20. Competitive Tipping Fees. The County will, to the extent permitted by law, use its best efforts and take whatever actions are within the scope of its powers to insure that the tipping fees charged by the County for the disposal of solid waste remain competitive with the tipping fees charged by other operations similar to the Solid Waste System in the vicinity of the Solid Waste System; provided, however, that in no event shall this covenant be construed to limit or affect the obligation of the County to set rates, charges and tipping fees hereunder.

Section 5.21. Further Assurances. The County will adopt, deliver, execute and make any and all further assurances, instruments and resolutions as may be reasonably necessary or proper to carry out the intention or to facilitate the performance hereof and for the better assuring and confirming unto the Corporation of the rights and benefits provided to it herein.

Section 5.22. Tajiguas Landfill Capacity. The County will, at such time as the remaining capacity of the County's Tajiguas Landfill is seven years (based on the County's annual report to CalRecycle), seek other residual disposal options, including pursuing acquisitions of property for a new landfill and/or contracting with other landfill operators.

ARTICLE VI

EVENTS OF DEFAULT AND REMEDIES

Section 6.01. Events of Default and Acceleration of Principal. If one or more of the following Events of Default shall happen, that is to say:

(1) if default shall be made in the due and punctual payment of any 2018 Installment Payment when and as the same shall become due and payable;

(2) if default shall be made by the County in the performance of any of the other agreements or covenants contained herein required to be performed by it, and such default shall have continued for a period of thirty (30) days after the County shall have been given notice in writing of such default by the Corporation or the Trustee; except that, if such default can be remedied but not within such thirty (30) day period and if the County has taken all action reasonably possible to remedy such default within such thirty (30) day period, such default shall not become an Event of Default hereunder for so long as the County shall diligently proceed to remedy the same in accordance with and subject to any directions established by the Trustee; or

(3) if the County shall file a petition or answer seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if a court of competent jurisdiction shall approve a petition filed with or without the consent of the County seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if under the provisions of any other law for the relief or aid of debtors any court of competent jurisdiction shall assume custody or control of the County or of the whole or any substantial part of its property;

then and in each and every such case during the continuance of such Event of Default specified in clause (1) above, the Trustee shall, and for any other such Event of Default the Trustee may, by notice in writing to the County, declare the entire principal amount of the unpaid 2018 Installment Payments and the accrued interest thereon to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable, anything contained herein to the contrary notwithstanding. This subsection is subject to the condition, however, that if at any time after the entire principal amount of the unpaid 2018 Installment Payments and the accrued interest thereon shall have been so declared due and payable and before any judgment or decree for the payment of the money due shall have been obtained or entered the County shall deposit with the Trustee a sum sufficient to pay the unpaid principal amount of the 2018 Installment Payments due and payable prior to such declaration and the accrued interest thereon, with interest on such overdue installments at the rate or rates applicable to such unpaid principal amounts of the 2018 Installment Payments if paid in accordance with their terms, and the reasonable fees and expenses of the Trustee, and any and all other defaults known to the Trustee (other than in the payment of the entire principal amount of the unpaid 2018 Installment Payments and the accrued interest thereon due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then and in every such case the Trustee, by written notice to the County, may rescind and annul such declaration and its consequences; but no such rescission and annulment shall extend to or shall affect any subsequent default or shall impair or exhaust any right or power consequent thereon.

Section 6.02. Application of Net Revenues Acceleration. All Net Revenues upon the date of the declaration of acceleration by the Trustee as provided in Section 6.01 and all Net Revenues thereafter received shall be applied in the following order:

First, to the payment of the fees, costs and expenses of the Trustee, if any, in carrying out the provisions of this article, including reasonable compensation to its agents, accountants and counsel and including any indemnification expenses and outstanding fees and expenses;

Second, to the payment of the interest then due and payable on the entire principal amount of the unpaid 2018 Installment Payments, and, if the amount available shall not be sufficient to pay in full all such interest then due and payable, then to the payment thereof ratably, according to the amounts due thereon without any discrimination or preference; and

Third, to the payment of the unpaid principal amount of the 2018 Installment Payments which has become due and payable, whether on the original due date or upon acceleration, with interest on the overdue principal and interest amounts of the unpaid 2018 Installment Payments at the rate or rates of interest then applicable to such 2018 Installment Payments if paid in accordance with their terms, and, if the amount available shall not be sufficient to pay in full all the amounts due with respect to the 2018 Installment Payments on any date, together with such interest, then to the payment thereof ratably, according to the principal amount due on such date, without any discrimination or preference.

Section 6.03. Other Remedies. The Trustee shall have the right:

(a) by mandamus or other action or proceeding or suit at law or in equity to enforce its rights against the County or any board member, officer or employee thereof, and to compel the County or any such board member, officer or employee to perform and carry out its or his duties under law and the agreements and covenants required to be performed by it or him contained herein;

(b) by suit in equity to enjoin any acts or things which are unlawful or violate the rights of the Corporation or the Trustee; or

(c) by suit in equity upon the happening of an Event of Default to require the County and its officers and employees to account as the trustee of an express trust.

Section 6.04. Non-Waiver. Nothing in this article or in any other provision hereof shall affect or impair the obligation of the County, which is absolute and unconditional, to pay the 2018 Installment Payments from the Net Revenues to the Trustee at the respective due dates or upon prepayment, or shall affect or impair the right of the Trustee, which is also absolute and unconditional, to institute suit to enforce such payment by virtue of the contract embodied herein.

The Trustee may waive any default or breach of duty or contract on the part of the County; however, no such waiver of any default or breach of duty or contract by the Trustee shall affect any subsequent default or breach of duty or contract or impair any rights or remedies on any such subsequent default or breach of duty or contract. No delay or omission by the Trustee to exercise any right or remedy accruing upon any default or breach of duty or contract shall impair any such right or remedy or shall be construed to be a waiver of any such default or breach of duty or contract or an acquiescence therein, and every right or remedy conferred upon

the Trustee by law or by this article may be enforced and exercised from time to time and as often as shall be deemed expedient by the Trustee.

If any action, proceeding or suit to enforce any right or exercise any remedy is abandoned or determined adversely to the Trustee, the Corporation and the County and the Trustee shall be restored to their former positions, rights and remedies as if such action, proceeding or suit had not been brought or taken.

Section 6.05. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trustee is intended to be exclusive of any other remedy, and each such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing in law or in equity or by statute or otherwise and may be exercised without exhausting and without regard to any other remedy conferred by law.

ARTICLE VII

DISCHARGE OF OBLIGATIONS

Section 7.01. Discharge of Obligations.

(a) If the County shall pay or cause to be paid all the 2018 Installment Payments at the times and in the manner provided herein, the right, title and interest of the Corporation herein and the obligations of the County hereunder shall thereupon cease, terminate, become void and be completely discharged and satisfied.

(b) Any unpaid principal installment of the 2018 Installment Payments shall on its payment date or date of prepayment be deemed to have been paid within the meaning of and with the effect expressed in subsection (a) of this section if the County makes payment of such 2018 Installment Payments in the manner provided herein.

(c) All or any portion of unpaid principal installments of the 2018 Installment Payments shall, prior to their payment dates or dates of prepayment, be deemed to have been paid within the meaning of and with the effect expressed in subsection (a) of this section if (i) notice is provided by the County to the Trustee as required by the Trust Agreement, (ii) there shall have been deposited with the Trustee either money in an amount which shall be sufficient, or Federal Securities which are not subject to redemption prior to maturity, the interest on and principal of which when paid will provide money which, together with money, if any, deposited with the Trustee, shall be sufficient to pay when due the principal installments of such 2018 Installment Payments or such portions thereof on and prior to their payment dates or their dates of prepayment, as the case may be, and the prepayment premiums, if any, applicable thereto, as evidenced by a report of an Independent Certified Public Accountant, and (iii) an opinion of nationally recognized bond counsel is filed with the Trustee to the effect that the action taken pursuant to this subsection will not cause the interest on the 2018 Certificates to be includable in gross income under the Code for federal income tax purposes.

(d) After the payment of all 2018 Installment Payments and prepayment premiums, if any, as provided in this section, and payment of all fees and expenses of the Trustee, the Trustee, upon request of the County, shall cause an accounting, with respect to

amounts received, disbursed or held by the Trustee for such period or periods as may be requested by the County to be prepared and filed with the County and the Corporation and shall execute and deliver to the County and the Corporation all such instruments as may be necessary or desirable to evidence such total discharge and satisfaction of the 2018 Installment Purchase Contract, and the Trustee shall pay over and deliver to the County, as an overpayment of 2018 Installment Payments, all such money or investments held by it pursuant hereto other than such money and such investments as are required for the payment or prepayment of the 2018 Installment Payments, which money and investments shall continue to be held by the Trustee in trust for the payment of the 2018 Installment Payments and shall be applied by the Trustee pursuant to the Trust Agreement, and for the payment of the fees and expenses of the Trustee.

ARTICLE VIII

MISCELLANEOUS

Section 8.01. Liability of County Limited to Net Revenues. Notwithstanding anything contained herein, the County shall not be required to advance any money derived from any source of income other than the Net Revenues and the other funds provided herein for the payment of the 2018 Installment Payments or for the performance of any agreements or covenants required to be performed by it contained herein.

The obligation of the County to make the 2018 Installment Payments is a special obligation of the County payable solely from the Net Revenues and the other funds as provided herein, and does not constitute a debt of the County or the State of California or of any political subdivision thereof within the meaning of any constitutional or statutory debt limitation or restriction, and does not constitute an obligation for which the County is obligated to levy or pledge any form of taxation or for which the County has levied or pledged any form of taxation.

Section 8.02. Benefits of 2018 Installment Purchase Contract Limited to Parties. Except as provided in Section 8.03, nothing contained herein, expressed or implied, is intended to give to any person other than the County, the Corporation and the Trustee any right, remedy or claim under or pursuant hereto, and any agreement or covenant required herein to be performed by or on behalf of the County or the Corporation shall be for the sole and exclusive benefit of the County, the Corporation and the Trustee, which shall be deemed a third-party beneficiary hereof.

Section 8.03. Successor Is Deemed Included in all References to Predecessor. Whenever either the County or the Corporation is named or referred to herein, such reference shall be deemed to include the successor to the powers, duties and functions that are presently vested in the County or the Corporation, and all agreements and covenants required hereby to be performed by or on behalf of the County or the Corporation shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

Section 8.04. Waiver of Personal Liability. No supervisor, officer or employee of the County shall be individually or personally liable for the payment of the 2018 Installment Payments, but nothing contained herein shall relieve any supervisor, officer or employee of the County from the performance of any official duty provided by any applicable provisions of law or hereby.

Section 8.05. Article and Section Headings, Gender and References. The headings or titles of the several articles and sections hereof and the table of contents appended hereto shall be solely for convenience of reference and shall not affect the meaning, convenience or effect hereof, and words of any gender shall be deemed and construed to include all genders. All references herein to “Articles,” “Sections” and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof; and the words “hereby,” “herein,” “hereto,” “herewith,” “hereunder” and other words of similar import refer to the 2018 Installment Purchase Contract as a whole and not to any particular article, section, subdivision or clause hereof.

Section 8.06. Partial Invalidity. If any one or more of the agreements or covenants or portions thereof required hereby to be performed by or on the part of the County or the Corporation shall be contrary to law, then such agreement or agreements, such covenant or covenants or such portions thereof shall be null and void and shall be deemed separable from the remaining agreements and covenants or portions thereof and shall in no way affect the validity hereof, and the County and the Corporation hereby declare that they would have executed the 2018 Installment Purchase Contract and each and every other article, section, paragraph, subdivision, sentence, clause and phrase hereof irrespective of the fact that any one or more articles, sections, paragraphs, subdivisions, sentences, clauses or phrases hereof or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

Section 8.07. Assignment. The 2018 Installment Purchase Contract and any rights hereunder may be assigned by the Corporation, as a whole or in part, without the necessity of obtaining the prior consent of the County.

Section 8.08. Net Contract. The 2018 Installment Purchase Contract shall be deemed and construed to be a net contract, and the County shall pay absolutely net during the term hereof the 2018 Installment Payments and all other payments required hereunder, free of any deductions and without abatement, diminution or set-off whatsoever.

Section 8.09. California Law. The 2018 Installment Purchase Contract shall be construed and governed in accordance with the laws of the State of California.

Section 8.10. Notices. All written notices to be given hereunder shall be given by mail to the party entitled thereto at its address set forth below, or at such other address as such party may provide to the other party in writing from time to time, namely:

If to the Corporation:

c/o County of Santa Barbara
105 East Anapamu Street, Room 201
Santa Barbara, California 93101
Attention: County Counsel, Room 201
(with a copy to the Treasurer, Room 109)

If to the County:

County of Santa Barbara
105 East Anapamu Street
Santa Barbara, California 93101
Attention: Treasurer, Room 109
(with a copy to County Counsel, Room 201)

Section 8.11. Effective Date. The 2018 Installment Purchase Contract shall become effective upon its execution and delivery, and shall terminate when the Purchase Price shall have been fully paid (or provision for the payment thereof shall have been made to the written satisfaction of the Corporation).

Section 8.12. Execution in Counterparts. The 2018 Installment Purchase Contract may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed the 2018 Installment Purchase Contract by their officers thereunto duly authorized as of the day and year first written above.

COUNTY OF SANTA BARBARA

By _____

Attest:

Clerk of the Board of Supervisors

SANTA BARBARA COUNTY FINANCE CORPORATION, INC.

By _____

By _____

EXHIBIT A

2018 PROJECTS

The Projects include the capital improvements to the solid waste system of the County, including, but not limited to, the construction of a resource recovery facility, an anaerobic digestion facility, improvements to transfer stations and landfill closings.

EXHIBIT B

2018 Installment Payment Schedules