

\$ _____

CONTRACT OF PURCHASE

Relating to
the
Sublease (Santa Barbara County) dated as of November 1, 2014
between
the County of Santa Barbara and the Santa Barbara County Finance Corporation, Inc.

_____, 2014

County of Santa Barbara
105 E. Anapamu Street
Santa Barbara, California 93101

The undersigned (the "*Purchaser*") offers to enter into this Contract of Purchase (the "*Contract of Purchase*") with the Santa Barbara County Finance Corporation, Inc. (the "*Corporation*"). This offer is made subject to written acceptance by the Corporation prior to 11:59 p.m., California Time, on the date hereof, and, upon such acceptance, this Contract of Purchase will be binding upon the Corporation and the Purchaser.

SECTION 1. PURCHASE AND SALE OF THE SUBLEASE.

Upon the terms and conditions and in reliance upon the representations, warranties and agreements herein set forth, the Purchaser hereby agrees to purchase from the Corporation for its own account, and the Corporation hereby agrees to sell to the Purchaser for such purpose, all (but not less than all) of the Corporation's right, title and interest in and to the Sublease (Santa Barbara County) dated as of December 1, 2014 (as more fully described in Section 2 below, the "*Sublease*") between the Corporation and the County of Santa Barbara (the "*County*"). The Purchaser has agreed to purchase the rights of the Corporation under the Sublease for the purpose of providing funds to (i) refinance the Sublease (Santa Barbara County), executed and entered into by the County as of March 1, 2005 and (ii) finance certain costs relating to the execution and delivery of the Sublease and the assignment to the Purchaser thereof. The purchase price to be paid by the Purchaser for the Sublease shall be \$_____.

SECTION 2. THE SUBLEASE.

The County has agreed to lease the Demised Premises (as defined in the Sublease) to the Corporation pursuant to a Lease (Santa Barbara County), dated as of December 1, 2014 (the "*Lease*"), and simultaneously sublease the same from the Corporation pursuant to the Sublease. The County, as the lessee under the Sublease, will be obligated to make the Base Rental Payments and pay Additional Rental for the use and occupancy of the Demised Premises. The Base Rental Payments, comprised of a principal component and an interest component, shall be payable as

provided in Exhibit B to the Sublease and Exhibit A attached hereto, and shall be subject to adjustment as provided in the Sublease.

SECTION 3. CLOSING.

At 10:00 a.m., Los Angeles, California time, on _____, 2014, or at such other time and on such other date as shall have been mutually agreed upon by the Corporation and the Purchaser (the "*Closing*"), the Corporation will deliver to the Purchaser the Sublease and an Assignment Agreement in definitive form duly executed and other documents hereinafter mentioned and shall record the Lease, Sublease and Assignment Agreement in the official records of the County of Santa Barbara, California, and the Purchaser will accept such delivery and pay the purchase price thereof in immediately available funds to the order of the Corporation.

SECTION 4. REPRESENTATIONS, WARRANTIES AND AGREEMENTS OF THE CORPORATION.

The Corporation hereby represents, warrants and agrees with the Purchaser that:

(A) The Corporation is a nonprofit public benefit corporation duly organized and existing under and by virtue of the laws of the State of California (the "*State*"), and has all requisite right, power and authority to conduct its business, to adopt the resolution approving the Sublease, the Lease, the Assignment Agreement and this Contract of Purchase (the "*Corporation Resolution*"), to execute and sell the Sublease and to execute this Contract of Purchase, the Lease and the Assignment Agreement (collectively, the "*Corporation Documents*"), and to perform its obligations under each such document or instrument, and to carry out and effectuate the transactions contemplated by the Corporation Documents.

(B) At or prior to the Closing, (i) the execution and delivery of the Sublease, the Lease, the Assignment Agreement and this Contract of Purchase, the adoption by the Corporation of the Corporation Resolution, and the performance by the Corporation of the obligations contained in the Corporation Documents have been duly authorized and such authorization will be in full force and effect at the time of the Closing; (ii) the Corporation Documents will be duly executed and delivered and will constitute the valid and legally binding obligations of the Corporation enforceable against the Corporation in accordance with their respective terms, except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium and other similar laws in effect for the protection of debtors and by application of general principles of equity; and (iv) the Corporation will be duly authorized to consummate all transactions contemplated by the Corporation Documents.

(C) All approvals, consents, authorizations, certifications and other orders of any governmental authority, board, agency or commission having jurisdiction, and all filing with any such entities, which would constitute conditions precedent to the performance by the Corporation of its obligations hereunder and under the other Corporation Documents or the consummation of the transactions contemplated hereby have been duly obtained.

(D) The Lease and the Sublease will be assigned, transferred or sold only in whole to (i) an affiliate of the Purchaser (each, a “*Purchaser Affiliate*”) or (ii) a trust or other custodial arrangement established by the Purchaser or a Purchaser Affiliate, the owners of any beneficial interest in which are limited to “qualified institutional buyers” (“*QIBs*”) as defined in Rule 144A promulgated under the Securities Act of 1933, as amended (the “*1933 Act*”) or (ii) a QIB that is a commercial bank organized under the laws of the United States, or any state thereof, or any other country which is a member of the Organization for Economic Cooperation and Development, or a political subdivision of any such country, and, in any such case, having a combined capital and surplus, determined as of the date of any transfer pursuant to this clause (D), of not less than \$5,000,000,000 (each, transferee pursuant to this clause (D) referred to herein as a “*Permitted Transferee*”).

(E) To the best knowledge of the Corporation, as of the time of acceptance hereof, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before any court or public body, pending or threatened against the Corporation: (i) in any way affecting the existence of the Corporation or in any way challenging the powers of the Corporation or the entitlement of the officials of the Corporation to their respective offices; or (ii) seeking to restrain or enjoin the sale of the Sublease, or in any way contesting the validity of the Sublease, the Lease or the Contract of Purchase or the Assignment Agreement, or contesting the powers of the Corporation with respect to the Sublease, the Lease or the Contract of Purchase or the Assignment Agreement; or (iii) in which a final adverse decision could (a) materially adversely affect the consummation of the transactions contemplated by this Contract of Purchase, the Lease or the Sublease or the Assignment Agreement, (b) declare this Contract of Purchase, the Lease or the Sublease or the Assignment Agreement to be invalid or unenforceable in whole or in material part.

(F) Any certificates signed by any official of the Corporation and delivered to the Purchaser shall be deemed a representation and warranty by the Corporation to the Purchaser as to the statements made therein but not of the person signing the same.

SECTION 5. COVENANTS OF THE CORPORATION.

The Corporation covenants and agrees with the Purchaser that:

(A) Between the date hereof and the Closing, the Corporation will not modify or amend the Corporation Resolution or the Sublease or the Lease without the prior written consent of the Purchaser.

SECTION 6. PURCHASER REPRESENTATIONS, WARRANTIES AND ACKNOWLEDGEMENTS.

Purchaser represents, warrants and acknowledges as follows:

(A) The Purchaser acknowledges that any transfer of the Sublease shall be restricted as provided in clause (B) below and that any transfer shall not be effective unless and until a notice of transfer is given to the Corporation and the County;

(B) The Sublease is being acquired by the Purchaser for its own account and not with a present view to resell the Sublease, and the Purchaser acknowledges that the Sublease shall only be transferred or resold to a Permitted Transferee;

(C) The Purchaser is a QIB and has such knowledge and experience in financial and business matters in general and in particular with respect to this type of credit extension that it is capable of evaluating the merits and risks of a credit extension in the form of purchasing interests in the Sublease, has evaluated and understands the risks and terms of investing in the Sublease and is able to bear the economic risk of an entire loss in this extension of credit;

(D) All documents, records and books pertaining to this extension of credit requested by Purchaser have been made available to the Purchaser and its attorneys, accountants or investor representatives, and the Purchaser has been afforded the opportunity to ask questions concerning the purchase of the Sublease; and

(E) The Purchaser acknowledges that the Sublease is exempt from the requirements of Rule 15c2-12 of the Securities and Exchange Commission and that neither the Corporation nor the County has undertaken to provide any continuing disclosure with respect to the Sublease.

SECTION 7. CONDITIONS TO OBLIGATIONS OF PURCHASER AT CLOSING.

The Purchaser has entered into this Contract of Purchase in reliance upon the representations and warranties of the Corporation contained herein and the performance by the Corporation of its obligations hereunder, as of the date hereof and as of the Closing. The obligation of the Purchaser to purchase the Sublease at the Closing is subject to the following further conditions, any or all of which can be waived by the Purchaser or the Corporation, as appropriate, in writing:

(A) The representations and warranties of the Corporation contained herein shall be true and correct in all material respects at the date hereof and at and as of the Closing, as if made at and as of the Closing, and the statements made in all certificates and other documents delivered to the Purchaser or the Corporation at the Closing and otherwise pursuant hereto shall be true and correct in all material respects at and as of the Closing;

(B) At and as of the Closing (i) the Sublease, the Lease, the Assignment Agreement, this Contract of Purchase, the Corporation Resolution and the resolution of the County approving the Sublease and the sale thereof (the "*County Resolution*") shall be in full force and effect and shall not have been amended, modified or supplemented except as may have been jointly agreed to in writing by the Corporation and the Purchaser; (ii) all actions under the Act which, in the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, shall be necessary in connection with the transactions contemplated hereby, shall have been duly taken and shall be in full force and effect; (iii) the Corporation shall perform or have performed all of its obligations required under or specified in the Corporation Resolution, the Sublease, the Lease, the Assignment Agreement or this Contract of

Purchase to be performed at or prior to the Closing; and (iv) the County shall have performed all of its obligations required under or specified in the County Resolution, the Lease or the Sublease to be performed at or prior to the Closing;

(C) To the best knowledge of the Corporation, no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court or public body, is pending or threatened against the Corporation which has any of the effects described in Paragraph 4(E) hereof;

(D) No order, decree or injunction of any court of competent jurisdiction, nor any order, ruling or regulation of the Securities and Exchange Commission, has been issued or made with the purpose or effect of prohibiting the sale of the Sublease as contemplated hereby and no legislation has been enacted, or a bill favorably reported for adoption, or a decision by any court rendered, or a ruling, regulation, proposed regulation or official statement by or on behalf of the Securities and Exchange Commission or other governmental agency having jurisdiction of the subject matter has been made or issued, to the effect that the Sublease, the Lease or any other obligations of the Corporation or the County or of any similar body of the type contemplated herein are not exempt from the registration, qualification or other requirements of the Securities Act, as then in effect, or of the Trust Indenture Act of 1939, as amended and as then in effect; and

(E) At or prior to the Closing, the Purchaser shall have received a copy of the following documents in each case dated at and as of the Closing and satisfactory in form and substance to the Purchaser:

(1) An approving opinion of Bond Counsel as to the Sublease, the Lease and the Assignment Agreement in the form attached hereto as Exhibit A, with a reliance letter addressed to the Purchaser;

(2) The certificate of the Corporation, dated the Closing Date to the effect that:

(i) the Corporation is a nonprofit public benefit corporation duly organized and existing under and by virtue of the laws of the State;

(ii) the Corporation Resolution was duly adopted at a meeting of the Corporation which was called and held pursuant to law with all public notice required by law and at which a quorum was present and acting throughout, and the Corporation Resolution is in full force and effect and has not been amended, modified or rescinded;

(iii) the adoption of the Corporation Resolution and the execution and delivery of the Sublease, the Lease, the Assignment Agreement and this Contract of Purchase and compliance with the provisions hereof and thereof, under the circumstances contemplated thereby and hereby, do not and will not conflict with or constitute on the part of the Corporation a breach of or

default under any agreement or other instrument applicable or binding upon the Corporation or any of its properties or any existing law, regulation, court order or consent decree to which the Corporation or any of its properties is subject;

(iv) the Corporation has full right and lawful authority to execute and sell the Sublease, and to execute and deliver this Contract of Purchase and the Corporation has duly authorized, executed and delivered the Sublease, the Lease, the Assignment Agreement and this Contract of Purchase; and

(v) to the best knowledge of the Corporation, there is no action, suit or proceeding, inquiry or investigation before or by any court, public board or body pending or, to the knowledge of the Corporation, threatened against or affecting the Corporation which is likely to adversely affect the validity or enforceability of, or the authority or ability of the Corporation to perform its obligations under the Sublease, the Lease, the Assignment Agreement or this Contract of Purchase or any other agreement or instrument to which the Corporation is a party and which is used or contemplated for use in consummation of the transactions contemplated by this Contract of Purchase or the Sublease, the Lease or the Assignment Agreement.

(3) A certificate signed by an appropriate official of the Corporation to the effect that (i) the representations and warranties of the Corporation herein are true and correct in all material respects as of the date made and as of the date of the Closing; and (ii) the Corporation has performed all its obligations required under or specified in this Contract of Purchase, the Lease or the Sublease to be performed at or prior to the Closing.

(4) A certificate of the Clerk of the Board of Supervisors of the County, together with a fully executed copy of the County Resolution, to the effect that:

(i) such copy is a true and correct copy of the County Resolution; and

(ii) the County Resolution was duly adopted and has not been modified, amended, rescinded or revoked and is in full force and effect at and as of the Closing, except for amendments, if any, adopted with the consent of the Purchaser;

(5) The certificate of the County, dated the Closing Date to the effect that:

(i) the County is a political subdivision, duly organized and existing under and by virtue of the laws of the State;

(ii) the County Resolution was duly adopted at a meeting of the Board of Supervisors of the County which was called and held pursuant to law with all public notice required by law and at which a quorum was present and acting throughout, and the County Resolution is in full force and effect and has not been amended, modified or rescinded;

(iii) the adoption of the County Resolution and the execution and delivery of the Sublease and the Lease and compliance with the provisions thereof, under the circumstances contemplated thereby and hereby, do not and will not conflict with or constitute on the part of the County a breach of or default under any agreement or other instrument applicable or binding upon the County or any of its properties or any existing law, regulation, court order or consent decree to which the County or any of its properties is subject;

(iv) the County has full right and lawful authority to execute, deliver and perform its obligations under the Sublease and the Lease, and the County has duly authorized, executed and delivered the Sublease and the Lease; and

(v) To the best knowledge of the County, there is no action, suit or proceeding, inquiry or investigation before or by any court, public board or body pending or, to the knowledge of the County, threatened against or affecting the County which is likely to adversely affect the validity or enforceability of, or the authority or ability of the County to perform its obligations under the Sublease, the Lease or any other agreement or instrument to which the County is a party and which is used or contemplated for use in consummation of the transactions contemplated by this Contract of Purchase or the Sublease.

(6) A certificate signed by an appropriate official of the County to the effect that (i) the representations and warranties of the County in the Sublease are true and correct in all material respects as of the date made and as of the date of the Closing; and (ii) the County has performed all its obligations required under or specified in this Contract of Purchase, the Lease or the Sublease to be performed at or prior to the Closing.

(7) A tax certificate from the County in form and substance satisfactory to Bond Counsel, signed by an official of the County.

(8) Such other opinions, certificates and other documents as the Purchaser or Bond Counsel reasonably may request, in form and substance satisfactory to the Purchaser and Bond Counsel.

SECTION 8. TERMINATION OF OBLIGATIONS OF PURCHASER.

If the Corporation shall be unable to satisfy the conditions set forth in Section 7 to the obligations of the Purchaser contained in this Contract of Purchase, the obligations of the Purchaser under this Contract of Purchase may be terminated by the Purchaser by notice to the Corporation at, or at any time prior to, the Closing. Notwithstanding any provision herein to the contrary, the performance of any and all conditions contained herein for the benefit of the Purchaser may be waived by the Purchaser in writing in its sole discretion.

SECTION 9. CONDITIONS TO OBLIGATIONS OF THE CORPORATION.

The performance by the Corporation of its obligations under this Contract of Purchase with respect to issuance, sale and delivery of the Sublease to the Purchaser is conditioned upon (i) the performance by the Purchaser of its obligations hereunder; and (ii) receipt by the Corporation and the Purchaser of opinions and certificates being delivered at or prior to the Closing by persons and entities other than the Corporation.

SECTION 10. EXPENSES.

The County shall bear all expenses incident to the performance of obligations hereunder, including but not limited to: the cost of the preparation and reproduction of the resolutions, the leases and the Contract of Purchase, including the reasonable fees and disbursements of legal counsel to the Purchaser; *provided*, that such fees and expenses of Purchaser's counsel shall not exceed \$25,000, and all such fees shall be contingent on closing. To the extent the Purchaser pays any of the foregoing expenses and fees on behalf of the Corporation or the County, the Corporation or the County shall reimburse the Purchaser at the Closing.

SECTION 11. NOTICES.

Any notice or other communication to be given under this Contract of Purchase (other than the acceptance hereof as specified in the first paragraph hereof) shall be given by telephone or telex, confirmed in writing, or by delivering the same in writing, if to the Corporation, c/o the County of Santa Barbara, 105 E. Anapamu Street, Santa Barbara, CA 93101, Attention: Treasurer-Tax Collector, or if to the Purchaser, to Wells Fargo Municipal Capital Strategies, LLC c/o Wells Fargo Bank, National Association, 333 S. Grand Avenue, 5th Floor, Los Angeles, California, 90071, Attention: Lynn Love, Vice President.

SECTION 12. PARTIES IN INTEREST: SURVIVAL OF REPRESENTATIONS AND WARRANTIES.

This Contract of Purchase when accepted by the Corporation in writing as specified herein shall constitute the entire agreement between the Corporation and the Purchaser and is made solely for the benefit of the Corporation and the Purchaser (including their respective successors and assigns). No other person shall acquire or have any right hereunder or by virtue hereof. The obligations of the Corporation arising out of its representations and warranties in this Contract of Purchase shall not be affected by any investigation made by or on behalf of the Purchaser.

SECTION 13. EXECUTION IN COUNTERPARTS.

This Contract of Purchase may be executed in two or more counterparts, each of which shall constitute an original but both or all of which, when taken together, shall constitute one and the same instrument, and it will not be necessary in making proof of this Contract of Purchase to produce or account for more than one such counterpart. This Contract of Purchase may be delivered by the exchange of signed signature pages by facsimile transmission or by attaching a pdf copy to an email, and any printed or copied version of any signature page so delivered will have the same force and effect as an originally signed version of such signature page.

SECTION 14. DOCUMENTS SUPERSEDE TERM SHEET.

To the extent that there are any inconsistencies between the Term Sheet, on one hand, and the Sublease, the Lease and this Contract of Purchase, on the other hand, the terms and conditions set forth in the Sublease, the Lease and the Contract of Purchase shall govern.

SECTION 15. APPLICABLE LAW.

This Contract of Purchase shall be interpreted under, governed by and enforced in accordance with the laws of the State of California

Very truly yours,

WELLS FARGO MUNICIPAL CAPITAL STRATEGIES,
LLC

By: _____
Name: _____
Title: _____

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

SANTA BARBARA COUNTY FINANCE CORPORATION, INC.

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

The County of Santa Barbara hereby approves the foregoing Contract of Purchase and agrees to tender performance of its obligations under the Sublease to the Purchaser from and after the Closing Date.

COUNTY OF SANTA BARBARA

By: _____
Name: _____
Title: _____

SCHEDULE A

DEBT SERVICE SCHEDULE