

ESCROW AGREEMENT

THIS ESCROW AGREEMENT ("Agreement") is dated as of _____, 20__ ("Effective Date") [*to be inserted – will be Closing Date*] by and between **REPUBLIC SERVICES OF SONOMA COUNTY, INC.**, a Delaware corporation (hereinafter referred to as "Purchaser"), and the County of Sonoma, a political subdivision of the State of California ("County").

RECITALS

WHEREAS, prior to the date of this Agreement, the County and Purchaser entered into that certain Purchase and Sale Agreement dated as of September 29, 2009 (as amended, the "Purchase Agreement"), providing for the sale and lease by County to Purchaser of certain real and personal property consisting of the County's solid waste system, which includes the real property referred to in the Purchase Agreement as the Landfill Land, on which is located a landfill commonly known as the Central Landfill (the "Landfill"); and

WHEREAS, the Purchase Agreement requires that the County place the County Contingent Liability Reserve Fund (as such term is defined in the Purchase Agreement) into an escrow for the purpose of securing the County's obligation to cover certain Off-Site Liability Costs (as such term is defined in the Purchase Agreement) and Off-Site Liability Events (as such term is defined in the Purchase Agreement); and

WHEREAS, County and Purchaser now desire to open and to provide for the terms of and instructions for an escrow (the "Escrow") to be opened with the Sonoma County Treasurer's Office (the "Escrow Holder"), for the public purpose of providing a reimbursement source for Off-Site Liability Costs, as set forth in the Purchase Agreement; and

WHEREAS, the parties are entering into this Agreement to set forth the terms and conditions of the Escrow.

NOW, THEREFORE, IN CONSIDERATION of the respective agreements hereinafter set forth, Purchaser and County agree as follows:

AGREEMENT

1. Recitals; Incorporation of Purchase Agreement; Definitions. The recitals set forth above are incorporated into this Agreement. The terms and conditions of the Purchase

Agreement are incorporated into this Agreement. All capitalized terms not defined herein shall have the same meaning as set forth in the Purchase Agreement.

2. Opening of Escrow. As of the Closing, County shall deposit or cause to be deposited an amount equal to the County Contingent Liability Reserve Fund into the Escrow with Escrow Holder. In addition, County shall deposit into the Escrow the amount paid by Purchaser to County pursuant to Section 2.3B(9) of the Purchase Agreement, to the extent such amounts are not used by the County to purchase insurance or otherwise apply such funds to the County's responsibilities for Off-Site Liabilities. All funds deposited into the Escrow shall be considered "public monies" owned by County, subject to the terms hereof. County and Purchaser hereby agree to the appointment of Escrow Holder, and Escrow Holder accepts such appointment.

3. Investment of Funds. All funds deposited with Escrow Holder for the Escrow, or which may from time to time be held by Escrow Holder in the Escrow, shall be placed in a separate account within the County Treasury Pool and shall earn interest at the rate accumulated by the Pool. Interest accrued on the funds shall be accumulated and shall be the sole property of the County, not useable by the Purchaser for any purpose. Such interest shall be automatically disbursed by Escrow Holder to the County at the end of each calendar quarter.

4. Instructions. This Agreement shall constitute Escrow Holder's instructions regarding the Escrow. The parties agree to jointly execute any further reasonable instructions that Escrow Holder may request and that are not inconsistent with either this Agreement or the Purchase Agreement.

5. Disbursements to Purchaser. If Purchaser wishes to receive a disbursement from the Escrow to reimburse it for Off-Site Liability Costs allowed under the Purchase Agreement, Purchaser shall deliver a written request and invoice therefor to County and the Escrow Holder. As required under the Purchase Agreement, the County shall instruct Escrow Holder to disburse funds from the Escrow from time to time to pay Off-Site Liability Costs incurred by Purchaser in excess of the Initial Layer Cap. Prior to the release of funds from Escrow, Purchaser shall provide to County all information specified in the Purchase Agreement. The County shall notify Escrow Holder and Purchaser in writing of its approval or disapproval of Purchaser's written request and invoice for disbursement on or before fifteen (15) days after receipt from Purchaser of the required information and such written request and invoice. Escrow Holder shall disburse funds to Purchaser, with the approval of the County, after at least fifteen (15) days and no more than thirty (30) days from the date Escrow Holder receives approval from the County of payments to Purchaser, which is accompanied by all of the following:

- a. The amount of costs that County is instructing Escrow Holder to pay to Purchaser;
- b. An address to which payment on account of each such invoice should be sent; and
- c. Evidence that a complete copy of the payment request has been delivered by Purchaser to County at the addresses set forth in Section 11 below.

If the County does not provide its notice of approval or disapproval of Purchaser's written request and invoice within such 15 day period, Escrow Holder shall disburse the amount set forth in Purchaser's written request and invoice. If the County disapproves a portion of written request and invoice, Escrow Holder shall disburse the undisputed portion thereof.

6. Disbursement Disputes. In the event of a dispute between Purchaser and the County or among the parties to this Agreement regarding the release of funds from Escrow, the County and Purchaser shall meet and confer to attempt to resolve such dispute. If, within 45 days after the County's notice of disapproval, the County and Purchaser have not resolved the dispute, the dispute shall be resolved in accordance with the Dispute Resolution Provision. Escrow Holder shall be deemed to be a party and join any such dispute. In the event of a dispute, only such amounts that are in dispute shall be withheld from payment to Purchaser and all other amounts shall be disbursed in accordance with the terms of this Agreement.

7. Disbursement of Funds.

a. Following the conclusion of the County Contingent Liability Period, Escrow Holder shall disburse to County the balance of all funds that are remaining in the Escrow upon receipt of written authorization to do so signed by duly authorized representatives of County and Purchaser. Notwithstanding the foregoing, if, as of the expiration of the County Contingent Liability Period, there remain unresolved Off-Site Liability Events, the funds in the County Contingent Liability Reserve Fund shall not be released to the County except to the extent such funds exceed 110% of the reasonable estimate of the County's liability with respect to such unresolved Off-Site Liability Events (and any such amounts in excess thereof shall be immediately released to the County). Any remaining funds not released to the County as of the expiration of the County Contingent Liability Period shall be immediately released to the County, to the extent not expended for Off-Site Liability Costs relating to the unresolved Off-Site Liability Events, as of the date on which each such Off-Site Liability Event is deemed resolved (as described in Section 2.3B(13) of the Purchase Agreement).

b. Notwithstanding Section 7(a), Escrow Holder shall disburse to County the balance of all funds that are remaining in the Escrow upon the conveyance or transfer of the Landfill or the assignment of the Purchase Agreement by Purchaser to an Entity other than an Affiliate (other than an Affiliate described in clause (c) of the definition of "Affiliate").

8. Escrow Holder's Fees and Expenses. Escrow Holder's fees and expenses shall be paid quarterly by Escrow Holder deducting such expenses from the Escrow. Such fees and expenses shall not exceed \$500 per year.

9. Conflicting Demands.

a. If any disagreement arises between Purchaser and County that results in conflicting or adverse claims or demands being made in connection with this Agreement or the Escrow, Escrow Holder shall be entitled, at its option, to refuse to comply with any such claim or demand, as long as the disagreement shall continue, and, in so doing, Escrow Holder shall not become liable for damages or interest to any party for its failure or refusal to comply with the conflicting or adverse claims or demands; provided, however, that the foregoing provision shall not be interpreted to allow the Escrow Holder to refuse to timely disburse the undisputed amount of any of Purchaser's invoices. Escrow Holder shall be entitled to continue to so refrain and refuse to act until the conflicting or adverse claims or demands have been resolved in accordance with the procedures set forth in this Agreement or by a court of competent jurisdiction.

b. Escrow Holder may also file a suit in interpleader to have the respective rights of any adverse claimants adjudicated, and deposit with the court all documents and funds held by Escrow Holder under this Agreement. In this event, Purchaser and County shall each pay half of Escrow Holder's costs, and attorney fees incurred in the action shall be paid by the losing party, or in such other manner as the court may order.

c. In the event of any apparent conflict between the provisions of this Escrow Agreement and the Purchase Agreement, the Purchase Agreement is to be considered the controlling document for purposes of establishing the intent of the parties in interpreting and carrying out the parties' respective responsibilities under this Escrow Agreement.

10. Duties of Escrow Holder. Purchaser and County agree that Escrow Holder's duties are only those specified herein, that such duties are purely ministerial in nature,

and that Escrow Holder shall not incur any liability except for willful misconduct or gross negligence as long as it has acted in good faith.

11. Notices. All notices required to be provided pursuant to this Agreement shall be made in accordance with the requirements of Section 11.9 of the Purchase Agreement. In addition, all notices to be made to Escrow Holder shall be provided at the following address:

Escrow Holder: Treasurer, County of Sonoma
370 Administration Drive
Santa Rosa, CA 95403

12. Miscellaneous.

a. Successors and Assigns. This Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors, heirs, administrators and assigns.

b. Amendments. Except as otherwise provided herein, this Agreement may be amended or modified only by a written instrument executed by Purchaser and County.

c. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

d. Merger of Prior Agreements. This Agreement, together with the Purchase Agreement, constitute the entire agreement between the parties with respect to specific matters addressed herein and supersedes all prior agreements and understandings between the parties hereto relating to the specific subject matter hereof.

e. Time of the Essence. Time is of the essence in this Agreement.

f. Headings. The headings used herein are for the purposes of convenience only and should not be used in construing the provisions hereof.

g. Partial Invalidity. If any term, covenant or condition of this Agreement or its application to any person or circumstances is held to be invalid or unenforceable, the remainder of this Agreement or the application of such term or provisions to other persons or circumstances will not be affected.

h. No Waiver. No consent or waiver by either party to or of any breach or any representation, covenant or warranty will be construed as a consent to or waiver of any other breach of the same or any other representation, covenant, or warranty.

i. Interpretation. All parties have been represented by counsel in the preparation and negotiation of this Agreement, and this Agreement will be construed according to the fair meaning of its language. The rule of construction to the effect that ambiguities are to be resolved against the drafting party will not be employed in interpreting this Agreement.

j. Attorneys' Fees. If any party brings any claim or proceeding against any other party to this Agreement, to enforce, protect, or establish any right or remedy arising out of this Agreement, the prevailing party shall be entitled to recover reasonable attorneys' fees.

k. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the Effective Date.

PURCHASER:

REPUBLIC SERVICES OF SONOMA COUNTY, INC.
a Delaware corporation

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

COUNTY OF SONOMA:

By: _____
Director,
Sonoma County Department of Transportation and Public Works

APPROVED AS TO FORM FOR COUNTY:

By: _____
Sheryl L. Bratton
Chief Deputy County Counsel

IN ACCORDANCE WITH RESOLUTION NO. _____ THE UNDERSIGNED
HEREBY AGREES TO ACT AS ESCROW HOLDER IN ACCORDANCE WITH THE
TERMS OF THE ESCROW AGREEMENT:

Sonoma County Treasurer

235951

Escrow Agreement
Execution Version
September 29, 2009