

SECURITY AGREEMENT

THIS SECURITY AGREEMENT (this "**Agreement**"), dated July 1, 2011, is made by and between Rural/Metro of California, Inc. ("**Rural/Metro**"), and County of Santa Clara, a political subdivision of the State of California ("**County**").

ARTICLE I. DEFINITIONS

The following capitalized words and terms shall have the following meanings when used in this Agreement. Unless specifically stated to the contrary, all references in this Agreement to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular in this Agreement shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Agreement shall have the meanings attributed to such terms in the California Uniform Commercial Code:

"**Affiliate**" means, with respect to any Person, any other Person which controls, is controlled by, or is under common control with the Person in question, and relatives of any natural person.

"**Collateral**" has the meaning ascribed to such term in Section 2.01 below.

"**Event of Default**" means any of the events forth in Article VII of this Agreement.

"**EMS Contract**" means, that certain Emergency Medical Services Agreement dated December 14, 2010 (as amended from time to time), by and between Rural/Metro and County.

"**Person**" means and includes natural persons, corporations, limited liability companies, limited liability partnerships, limited partnerships, general partnerships, joint stock companies, joint ventures, associations, companies, trusts, banks, trust companies, land trusts, business trusts, real estate investment trusts or other organizations, whether or not legal entities, and governments, agencies and countries and political subdivisions thereof.

"**Obligations**" has the meaning ascribed to such term in Section 2.01 below.

ARTICLE II. SECURITY INTEREST

Section 2.01 **GRANT OF SECURITY INTEREST.** For good and valuable consideration and to secure the performance and satisfaction of all obligations under the EMS Contract together with (i) all other obligations and liabilities due or to become due to County, (ii) all amounts, sums and expenses paid hereunder by or payable to County according to the terms hereof, and (iii) all other covenants, obligations and liabilities of Rural/Metro under this

Agreement and any other instruments executed by Rural/Metro evidencing, securing or delivered in connection with the EMS Contract (collectively, the "Ancillary Documents"), and together with all interest on said indebtedness, obligations, liabilities, amounts, sums and expenses (all of the foregoing, collectively, the "Obligations"), Rural/Metro hereby grants to County a security interest in and to, all of the following property (hereinafter collectively referred to as the "Collateral"):

(a) All of the items listed on Exhibit "A" attached hereto and by this reference made a part hereof, and all additions, accessions, improvements, attachments, replacements, substitutions and additions thereto and thereof, regardless of whether any such items are used by Rural/Metro or are now or hereafter held by Rural/Metro for sale or lease;

(b) all products and produce of any of the items described in this Section 2.01;

(c) all accounts, general intangibles, instruments, rents, monies, payments, and all other rights arising out of a sale, lease, consignment or other disposition of any of the items described in this Section 2.01;

(d) all proceeds (including insurance proceeds) from the sale, destruction, loss, or other disposition of any of the items described in this Section 2.01, and sums due from a third party who has damaged or destroyed any of the items described in this Section 2.01 or from that party's insurer, whether due to judgment, settlement or other process; and

(e) all records and data relating to any of the items described in this Section 2.01, whether in the form of a writing, photograph, microfilm, microfiche, or electronic media, together with all of Rural/Metro's right, title, and interest in and to all computer software required to utilize, create, maintain, and process and such records or data on electronic media.

ARTICLE III. RURAL/METRO'S REPRESENTATIONS AND WARRANTIES

Rural/Metro hereby makes the following representations and warranties to County:

Section 3.01 Status. Rural/Metro is a corporation duly organized and validly existing in the State of Delaware, and is properly licensed, qualified to do business and in good standing, in the State of California and in any other jurisdiction where the failure to so qualify would have a material adverse effect on Rural/Metro or its rights and privileges, and Rural/Metro has complied with the fictitious name statute of every jurisdiction in which Rural/Metro is doing business.

Section 3.02 No Violation. The execution and performance by Rural/Metro of this Agreement and any document, instrument or agreement required hereunder, have been duly authorized and do not and will not violate any law or agreement governing Rural/Metro or to which Rural/Metro is a party, and do not require any consent or approval of its stockholders or violate any provisions of its articles of incorporation or by-laws.

Section 3.03 Title. Rural/Metro holds good and marketable title to the Collateral, free and clear of all liens and encumbrances except for the lien of this Agreement. No financing

statement covering any of the Collateral is on file in any public office other than those which reflect the security interest created by this Agreement or to which County has specifically consented. Rural/Metro shall defend County's rights in the Collateral against the claims and demands of all other Persons.

Section 3.04 Litigation. There are no actions, suits or proceedings pending or, to the knowledge of Rural/Metro, threatened against or affecting Rural/Metro or Rural/Metro's properties before any court or administrative agency which, if determined adversely to Rural/Metro, would have a material adverse affect on Rural/Metro's financial condition or operations or on the Collateral.

Section 3.05 Taxes. Rural/Metro has filed all tax returns required to be filed and paid all taxes shown thereon to be due, including interest and penalties, other than taxes which are currently payable without penalty or interest or those which are being duly contested in good faith.

ARTICLE IV. COVENANTS

Section 4.01 Perfection of Security Interest. Rural/Metro agrees to take whatever actions are reasonably requested by County to perfect and continue County's security interest in the Collateral. Upon request of County, Rural/Metro will deliver to County any and all of the documents evidencing or constituting the Collateral, and Rural/Metro will note County's interest upon any and all chattel paper and instruments if not delivered to County for possession by County. This is a continuing security agreement and will continue in effect until all Obligations is paid in full or otherwise settled.

Section 4.02 Location of the Collateral. Other than the portion of the Collateral which is comprised of the ambulances (which shall at all times remain within the County of Santa Clara unless otherwise authorized by County in accordance with the EMS Contract), Rural/Metro agrees to keep the Collateral at 1345 Vander Way, San Jose, California 95112 and those additional facilities maintained by Rural/Metro in the County of Santa Clara in order to perform its obligations under the EMS Contract and Rural/Metro shall not remove the Collateral from such locations without County's prior written consent, unless necessary to maintain such Collateral or in order to perform the EMS Contract. Rural/Metro shall, whenever requested, advise County of the exact location of the Collateral.

Section 4.03 Transactions Involving Collateral. Except as otherwise provided for in this Agreement or the EMS Contract, Rural/Metro shall not sell, offer to sell, or otherwise transfer or dispose of the Collateral. Rural/Metro shall not pledge, mortgage, encumber or otherwise permit the Collateral to be subject to any lien, security interest, encumbrance, or charge, other than the security interest provided for in this Agreement, without the prior written consent of County. This includes security interests even if junior in right to the security interests granted under this Agreement. Unless waived by County, all proceeds from any disposition of the Collateral (for whatever reason) shall be held in trust for County and shall not be commingled with any other funds; provided however, this requirement shall not constitute

consent by County to any sale or other disposition. Upon receipt, Rural/Metro shall immediately deliver any such proceeds to County.

Section 4.04 Repairs and Maintenance. Rural/Metro agrees to keep and maintain, and to cause others to keep and maintain, the Collateral in good order, repair and condition at all times while this Agreement remains in effect, ordinary wear and tear excepted. Rural/Metro further agrees to pay when due all claims for work done on, or services rendered or material furnished in connection with the Collateral and to take such action as may be reasonably necessary in order to discharge any material mechanic's lien or similar encumbrance that may attach to the Collateral.

Section 4.05 Inspection of Collateral. County and County's designated representatives and agents shall have the right at all reasonable times and upon reasonable advance notice to Rural/Metro to examine and inspect the Collateral wherever located.

Section 4.06 Taxes, Assessments and Liens. Rural/Metro will pay when due all taxes, assessments and liens upon the Collateral, its use or operation, upon this Agreement, the EMS Contract or upon any of the other Ancillary Documents. Rural/Metro may withhold any such payment or may elect to contest any lien if Rural/Metro is in good faith conducting an appropriate proceeding to contest the obligation to pay and so long as County's interest in the Collateral is not jeopardized in County's sole opinion. If the Collateral is subjected to a lien which is not discharged within fifteen (15) days following Rural/Metro becoming aware of such lien, Rural/Metro shall deposit with County cash, a sufficient corporate surety bond or other security reasonably satisfactory to County in an amount adequate to provide for the discharge of the lien plus any interest, costs, attorneys' fees or other charges that could reasonably be expected to accrue as a result of foreclosure or sale of the Collateral. In any contest Rural/Metro shall defend itself and County and shall satisfy any final adverse judgment before enforcement against the Collateral. Rural/Metro shall name County as an additional obligee under any surety bond furnished in the contest proceedings. Rural/Metro further agrees to furnish County with evidence that such taxes, assessments, and governmental and other charges have been paid in full and in a timely manner.

Section 4.07 Notices to County. Rural/Metro will promptly notify County in writing at County's address shown below (or such other addresses as County may designate in writing from time to time) prior to any (a) change in Rural/Metro's name; (b) change in Rural/Metro's assumed business name(s); (c) change in the identity of Rural/Metro's authorized signer(s); (d) change in Rural/Metro's principal office address; (e) change in Rural/Metro's state of organization; (f) conversion of Rural/Metro to a new or different type of business entity; or (g) change in any other aspect of Rural/Metro that directly or indirectly relates to any agreements between Rural/Metro and County.

Section 4.08 Financing Statements. Rural/Metro authorizes County to file a UCC financing statement or, alternatively, a copy of this Agreement, to perfect County's security interest in the Collateral. At County's request, Rural/Metro additionally agrees to sign all other documents that are reasonably necessary to perfect, protect, and continue County's security interest in the Collateral. Rural/Metro irrevocably appoints County to execute documents necessary to transfer title to all or any portion of the Collateral if an Event of Default occurs.

Section 4.09 **Maintenance of Casualty Insurance.** Rural/Metro shall procure and maintain all risks insurance, including without limitation fire, theft and liability coverage together with such other insurance as County may reasonably require with respect to the Collateral, in form, amounts, coverages and basis reasonably acceptable to County and issued by a company or companies reasonably acceptable to County.

Section 4.10 **Application of Insurance Proceeds.** Rural/Metro shall promptly notify County of any loss or damage to the Collateral if the estimated cost of repair or replacement exceeds \$50,000.00, whether or not such casualty or loss is covered by insurance. County may make proof of loss if Rural/Metro fails to do so within fifteen (15) days of the casualty. All proceeds of any insurance on the Collateral, including accrued proceeds thereon, shall be applied to repair or replacement of the damaged or destroyed Collateral unless there exists an Event of Default in which case the County shall hold such proceeds as part of the Collateral.

Section 4.11 **Compliance with Governmental Requirements.** Rural/Metro shall comply promptly with all laws, ordinances, rules and regulations of all governmental authorities, now or hereafter in effect, applicable to the ownership, production, disposition, or use of the Collateral. Rural/Metro may contest in good faith any such law, ordinance or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as County's interest in the Collateral, in County's reasonable opinion, is not jeopardized.

Section 4.12 **Prohibition Against Transfers.** Except with the prior consent of County, neither Rural/Metro nor any Person shall convey, assign, sell, encumber, pledge, hypothecate, grant a security interest in, grant options with respect to, or otherwise dispose of (directly or indirectly, voluntarily or involuntarily, by operation of law or otherwise) all or any portion of any legal or beneficial interest in: (a) all or any portion of the Collateral; or (b) all or any ownership interest in Rural/Metro (provided, that such ownership interest may be pledged to the lenders in connection with any credit facility entered into from time to time by Rural/Metro's corporate parent). In furtherance of the foregoing, subordinate liens (voluntary or involuntary) secured by any portion of the Collateral shall not be permitted except with the prior consent of County.

ARTICLE V.
RURAL/METRO'S RIGHT TO POSSESSION

Until an Event of Default has occurred, Rural/Metro may have possession of and beneficial use of all the Collateral and may use it in any lawful manner not inconsistent with this Agreement or the Ancillary Documents, provided that Rural/Metro's right to possession and beneficial use shall not apply to any Collateral where possession of the Collateral by County is required by law to perfect County's security interest in such Collateral. If County at any time has possession of any Collateral, whether before or after an Event of Default, County shall be deemed to have exercised reasonable care in the custody and preservation of the Collateral if County takes such action for that purpose as Rural/Metro shall request or as County, in County's sole discretion, shall deem appropriate under the circumstances, but failure to honor any request by Rural/Metro shall not of itself be deemed to be a failure to exercise reasonable care. County shall not be required to take any steps necessary to preserve any rights in the Collateral against

Collateral exceeds the Obligations by a substantial amount. Employment by County shall not disqualify a Person from serving as a receiver.

Section 7.04 Collect Revenues, Apply Accounts. County, either itself or through a receiver, may collect the payments, rents, income, and revenues from the Collateral. County may, at any time in County's discretion, transfer any Collateral into County's own name or that of County's nominee and receive the payments, rents, income, and revenues therefrom and hold the same as security for the Obligations or apply it to payment of the Obligations in such order of preference as County may determine. Insofar as the Collateral consists of accounts, general intangibles, insurance policies, instruments, chattel paper, choses in action, or similar property, County may demand, collect, receipt for, settle, compromise, adjust, sue for, foreclose, or realize on the Collateral as County may determine, whether or not Obligations or Collateral is then due.

Section 7.05 Obtain Deficiency. If County chooses to sell any or all of the Collateral, County may obtain a judgment against Rural/Metro for any deficiency remaining on the Obligations due to County after application of all amounts received from the exercise of the rights provided in this Agreement. Rural/Metro shall be liable for a deficiency even if the transaction described in this subsection is a sale of accounts or chattel paper.

Section 7.06 Election of Remedies. Except as may be prohibited by applicable law, all of County's rights and remedies, whether evidenced by this Agreement, the EMS Contract, the Ancillary Documents, or by any other writing, shall be cumulative and may be exercised singularly or concurrently. Election by County to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Rural/Metro under this Agreement, after Rural/Metro's failure to perform, shall not affect County's right to declare an Event of Default and exercise its remedies.

ARTICLE VIII. MISCELLANEOUS PROVISIONS

The following miscellaneous provisions are a part of this Agreement:

Section 8.01 Attorneys' Fees; Expenses. Rural/Metro agrees to pay upon demand all of County's costs and expenses, including County's attorneys' fees and County's legal expenses, incurred in connection with the enforcement of this Agreement, unless Rural/Metro is the prevailing party. County may hire or pay someone else to help enforce this Agreement, and Rural/Metro shall pay the costs and expenses of such enforcement. Costs and expenses include County's attorneys' fees and legal expenses whether or not there is a lawsuit, including attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), and appeals. Rural/Metro also shall pay all court costs and such additional fees as may be directed by the court. County shall also be entitled to its reasonable attorneys' fees, costs and expenses incurred in any post-judgment proceedings to collect and enforce the judgment. This provision is separate and several and shall survive the merger of this Agreement into any judgment on this Agreement. All such expenditures incurred or paid by County for such purposes will then bear interest at the maximum interest rate permitted by law from the date incurred or paid by County to the date of repayment by Rural/Metro. All such expenses will become a part of the Obligations and, at County's option,

will be payable on demand. This Agreement also will secure payment of these amounts. Such right shall be in addition to all other rights and remedies to which County may be entitled upon an Event of Default.

Section 8.02 Governing Law. This Agreement and the rights of the parties hereunder to and concerning the Collateral, and any documents, instruments, or agreements mentioned or referred to herein, shall be governed by and construed according to the laws of the State of California without regard to its conflicts of law provisions.

Section 8.03 Choice of Venue. If there is a lawsuit, Rural/Metro agrees upon County's request to submit to the jurisdiction of the courts of Santa Clara County, State of California.

Section 8.04 Preference Payments. Any monies County pays because of an asserted preference claim in Rural/Metro's bankruptcy will become a part of the Obligations and, at County's option, shall be payable by Rural/Metro as provided in this Agreement.

Section 8.05 No Waiver by County. County shall not be deemed to have waived any rights under this Agreement unless such waiver is given in writing and signed by County. No delay or omission on the part of County in exercising any right shall operate as a waiver of such right or any other right. A waiver by County of a provision of this Agreement shall not prejudice or constitute a waiver of County's right otherwise to demand strict compliance with that provision or any other provision of this Agreement. No prior waiver by County, nor any course of dealing between County and Rural/Metro, shall constitute a waiver of any of County's rights or of any of Rural/Metro's obligations as to any future transactions. Whenever the consent of County is required under this Agreement, the granting of such consent by County in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of County.

Section 8.06 Notices. Any notice required to be given under this Agreement shall be given in writing, and shall be effective when actually delivered, when actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified or registered mail postage prepaid, directed to the addresses shown below. Any party may change its address for notices under this Agreement by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address.

Rural/Metro: Rural/Metro of California, Inc.	County: Santa Clara County EMS Agency
Attn: Contract Manager	Attn: EMS Director
9221 E. Via de Ventura	976 Lenzen Avenue, Suite 1200
Scottsdale, AZ 85258	San Jose, CA 95126

Section 8.07 Power of Attorney. Rural/Metro hereby appoints County as Rural/Metro's irrevocable attorney-in-fact for the purpose of executing any documents necessary to perfect, amend, or to continue the security interest granted in this Agreement or to demand termination of filings of other secured parties. County may at any time, and without further authorization from Rural/Metro, file a carbon, photographic or other reproduction of any financing statement or of this Agreement for use as a financing statement. Rural/Metro will

reimburse County for all expenses for the perfection and the continuation of the perfection of County's security interest in the Collateral.

Section 8.08 Severability. If a court of competent jurisdiction finds any provision of this Agreement to be illegal, invalid, or unenforceable as to any circumstance, that finding shall not make the offending provision illegal, invalid, or unenforceable as to any other circumstance. If feasible, the offending provision shall be considered modified so that it becomes legal, valid and enforceable. If the offending provision cannot be so modified, it shall be considered deleted from this Agreement. Unless otherwise required by law, the illegality, invalidity, or unenforceability of any provision of this Agreement shall not affect the legality, validity or enforceability of any other provision of this Agreement.

Section 8.09 Successors and Assigns. Subject to any limitations stated in this Agreement on transfer of Rural/Metro's interest, this Agreement shall be binding upon and inure to the benefit of the parties, their successors and assigns. If ownership of the Collateral becomes vested in a Person other than Rural/Metro, County, without notice to Rural/Metro, may deal with Rural/Metro's successors with reference to this Agreement and the Obligations by way of forbearance or extension without releasing Rural/Metro from the obligations of this Agreement or liability under the Obligations.

Section 8.10 Survival of Representations and Warranties. All representations, warranties, and agreements made by Rural/Metro in this Agreement shall survive the execution and delivery of this Agreement, shall be continuing in nature, and shall remain in full force and effect until such time as the Obligations shall be paid in full.

Section 8.11 **Entirety.** This Agreement, the EMS Contract and the Ancillary Documents contain the entire agreement of the parties hereto and thereto in respect of the transactions contemplated hereby and thereby, and all prior agreements among or between such parties, whether oral or written, are superceded by the terms of this Agreement, the EMS Contract and the Ancillary Documents.

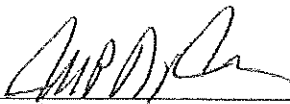
IN WITNESS WHEREOF, this Security Agreement has been duly executed and delivered as of the day and year first above written.

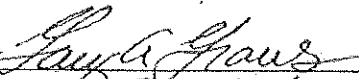
COUNTY:

County of Santa Clara
a political subdivision
of the State of California

RURAL/METRO:

Rural/Metro of California, Inc.
a Delaware corporation

By: 
Name: Michael P. DiMino
Its: President

By: 
Name: Gay A. Graves
Its: Chief operating officer

APPROVED AS TO FORM AND LEGALITY


By: 
Miguel Moreno, Deputy County Counsel

EXHIBIT "A"

DESCRIPTION OF COLLATERAL

Ambulance Fleet Description

(by Vehicle Identification Number)

1	1GD675CL8B1100865
2	1GD675CLXB1100950
3	1GD675CL8B1100980
4	1GD675CL5B1101021
5	1GD675CL5B1101097
6	1GD675CL1B1101176
7	1GD675CL0B1101217
8	1GD675CL2B1101378
9	1GD675CL4B1101401
10	1GD675CL9B1101443
11	1GD675CL6B1101867
12	1GD675CL2B1101963
13	1GD675CL7B1101974
14	1GD675CL1B1102151
15	1GD675CL9B1102270
16	1GD675CL3B1132395
17	1GD675CL8B1132456
18	1GD675CLXB1132538
19	1GD675CL6B1133170
20	1GD675CLXB1133382
21	1GD675CL9B1133678
22	1GD675CL2B1133778
23	1FDXE4FP2ADA40761
24	1FDXE4FP6ADA40763
25	1FDXE4FP8ADA40764
26	1FDXE4FP3ADA40767
27	1FDXE4FP7ADA40769
28	1GD675CL6B1145125
29	1GD675CL2B1148541
30	1GD675CL0B1148568
31	1GD675CLXB1148626
32	1GD675CL0B1148666

33	1GD675CL6B1148767
34	1GD675CL6B1148784
35	1GD675CL7B1148910
36	1GD675CL9B1149119
37	1GD675CL5B1149179
38	1GD675CL6B1149238
39	1GD675CL6B1149336
40	1GD675CL6B1149403
41	1GD675CL2B1149513
42	1GD675CL3B1149598
43	1GD675CL1B1149678
44	1GD675CL0B1149719
45	1GD675CL6B1149840
46	1GD675CL1B1149860
47	1GD675CL3B1149875
48	1GD675CL2B1149933
49	1GD9G5BL5A1183250
50	1GD9G5BL9A1183588
51	1GD9G5BL2A1183805
52	1GD9G5BL9A1184126
53	1GD9G5BL8A1184246
54	1GD9G5BL5A1184334
55	1GD9G5BL4A1184423

Equipment Description

All equipment and supplies used by Rural/Metro in the performance of its obligations under the EMS Contract, including cardiac monitors, power cots, stair-chairs, and other personal property items, equipment and supplies.

