

ESCROW AGREEMENT

This ESCROW AGREEMENT (the "Escrow Agreement"), dated as of December __, 2013, is entered into by and between the COUNTY OF SAN MATEO, a body corporate and politic and a political subdivision of the State of California (the "County") and U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under and by virtue of the laws of the United States of America and being qualified to accept and administer the trust hereby created, as escrow agent (the "Escrow Agent").

WITNESSETH:

WHEREAS, the County is issuing \$16,300,000 aggregate principal amount of County of San Mateo, California, 2013-2014 Notes (the "Notes") pursuant to a resolution adopted by the Board of Supervisors of the County, on December 10, 2013 (the "Resolution"), in order to finance or refinance the acquisition and construction of the Maple Street Correctional Center Project (the "Project") and the County intends to sell the Notes to Citibank, N.A. (the "Initial Purchaser");

WHEREAS, on the date hereof, the County has transferred funds to the Escrow Agent in an amount sufficient, together with interest earnings thereon, to pay the Notes maturing on May 31, 2014 (the "Maturity Date"), in the principal amount of \$16,300,000, together with interest thereon at .30% per annum, to be held by the Escrow Agent pursuant to the terms of this Escrow Agreement (such transferred funds, together with all Securities (as defined below) purchased therewith, investment income relating thereto, and the Escrow Fund (as defined below) to which the foregoing have been credited, the "Escrowed Assets");

WHEREAS, the San Mateo County Joint Powers Financing Authority, a joint exercise powers authority duly organized and existing under and by virtue of the laws of the State of California (the "Authority") intends to assist the County in the financing of the Project by the issuance of the San Mateo County Joint Powers Financing Authority Lease Revenue Bonds (Capital Projects), 2014 Series A (the "Bonds") pursuant to a trust agreement (the "Trust Agreement"), to be entered into by and between the Authority and U.S. Bank National Association, as trustee;

WHEREAS, prior to the Maturity Date the County expects to receive from the Authority and transfer to the Treasurer-Tax Collector of the County, as paying agent for the Notes (the "Paying Agent") sufficient funds from the proceeds of the Bonds to pay the Notes on the Maturity Date or upon prior redemption;

WHEREAS, if the Bonds are not issued by the Authority and the proceeds thereof transferred to the Paying Agent by May 15, 2014, in accordance with the Resolution all or a portion of the Escrowed Assets are to be transferred by the Escrow Agent to the Paying Agent, for deposit in the Repayment Fund to pay the Notes on the Maturity Date;

WHEREAS, the County has taken action to cause to be made available to the Escrow Agent hereunder, the securities (the "Securities") listed on Schedule I attached hereto and made a part hereof, to be purchased with funds from the Escrowed Assets, in an aggregate principal amount that, together with the investment income to accrue on such Securities, will be sufficient to provide for the payment of the interest on and principal of the Notes, as such interest and principal becomes due and payable on the Maturity Date; and

WHEREAS, the provisions of the Resolution are incorporated herein by reference as if set forth herein in full;

NOW, THEREFORE, the County and the Escrow Agent hereby agree as follows:

SECTION 1. Definitions. Capitalized terms used in this Escrow Agreement and not otherwise defined herein shall have the meanings ascribed to them in the Resolution.

SECTION 2. Establishment and Maintenance of Escrow Fund; Security Interest. (a) The Escrow Agent agrees to establish and maintain in the name of the Escrow Agent, as the escrow agent hereunder, one or more security or deposit accounts (such accounts established hereby, collectively, the "Escrow Fund") until the termination of this Escrow Agreement as provided herein. The Escrow Agent further agrees, except as provided in Sections 3 and 4 hereof, to hold and credit to the Escrow Fund all Securities acquired and all funds (whether constituting the initial transfer by the County or investment income received by the Escrow Agent on the Securities) received by the Escrow Agent. The Escrowed Assets shall be segregated from all other securities, investments or funds held by the Escrow Agent.

(b) It is the intent of the County and the Paying Agent, acting for the benefit of and on behalf of the holders of the Notes, that the County shall not be entitled to receive any distributions from the Escrowed Assets except to the extent set forth in Section 5 hereof. Without limiting the foregoing and without limiting the intentions stated thereby, and to protect the interest of the holders of the Notes as the intended beneficiaries of this Escrow Agreement, in the event the County is determined to have an interest in the Escrowed Assets greater than the right to receive distributions pursuant to Section 5 hereof, the County hereby grants to the Escrow Agent, as secured party acting for the benefit of and on behalf of the holders of the Notes, a security interest in all of the County's right, title and interest in and to the Escrowed Assets and this escrow Agreement to secure the County's payment obligations respecting the Notes.

SECTION 3. Investment of the Escrowed Assets. (a) The Escrow Agent shall on the date hereof invest funds on deposit in the Escrow Fund in the Securities listed on Schedule I attached hereto and made a part hereof (the "Initial Investments"). The Escrow Agent is hereby irrevocably instructed to, and the Escrow Agent hereby agrees to, collect and deposit in the Escrow Fund, the interest on and principal of all Securities held in the Escrow Fund promptly as such interest and principal

become due. The Escrow Agent will furnish to the County and the Paying Agent, on behalf of the holders of the Notes, monthly statements of Securities and funds then credited to the Escrow Fund and, upon request, copies of confirmations received by the Escrow Agent in connection with the purchase of Securities occurring during the period relating to such monthly statement. The Escrow Agent may make any investments hereunder through its own bond or investment department or trust investment department, or those of its parent or any affiliate.

(b) The Escrow Agent shall not be liable or responsible for any loss resulting from any investment or reinvestment of Escrowed Assets made pursuant to this Escrow Agreement and in full compliance with the provisions hereof.

SECTION 4. Substitution of Securities in the Escrow Fund. The Escrow Agent shall be permitted to sell, redeem or otherwise dispose of any Securities in the Escrow Fund. The Escrow Agent shall reinvest the proceeds of such Securities in noncallable, nonprepayable direct obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America or any Federal Reserve Bank) provided (a) such substituted securities shall not have a maturity date beyond the Maturity Date and (b) the County shall have delivered an unqualified opinion of a nationally recognized bond counsel that such substitution will not adversely effect the exclusion from gross income for federal income tax purposes of interest on the Notes.

SECTION 5. Distributions from the Escrow Fund. If prior to May 1, 2014 the Escrow Agent has received written notice from the Paying Agent (the "Distribution Notice") that funds from the proceeds of the Bonds have been received by the Paying Agent in an amount sufficient to pay in full the principal of and interest on the Notes through the Maturity Date or noticed redemption date (the "Redemption Amount"), the Escrow Agent shall distribute to the County all Escrowed Assets then held by the Escrow Agent, free of the security interest granted in Section 2 hereunder. So long as no Distribution Notice shall have been received by the Escrow Agent, on May 1, 2014 the Escrow Agent shall (a) on May 1, 2014 transfer to the Paying Agent from the Escrowed Assets, for deposit to the Repayment Fund, Securities and funds in an aggregate amount equal to the principal of and interest on the Notes through the Maturity Date and (b) following the transfer to the Paying Agent in accordance with the immediately preceding clause (a), distribute to the County all Escrowed Assets then remaining in the Escrow Fund.

SECTION 6. Deficiencies in the Escrow Fund. If at any time the Escrowed Assets, including the anticipated proceeds of the Securities, is not sufficient to make all payments required by the Redemption Amount identified in Section 5 hereof, the Escrow Agent shall notify the County in writing as soon as reasonably practicable of such fact, stating the amount of such deficiency and the reason therefor (if known to it), and the County shall use its best efforts to obtain and deposit with the Escrow Agent for deposit in the Escrow Fund such additional money as may be required to provide for the making of all such payments. The Escrow Agent shall in no event or manner be responsible for the failure of the County to make any such deposit.

SECTION 7. Compensation and Indemnification of the Escrow Agent. The County shall pay the Escrow Agent a fee for its services hereunder and shall reimburse the Escrow Agent for its reasonable out of pocket expenses (including but not limited to the fees and expenses, if any, of its counsel or accountants) incurred by the Escrow Agent in connection with these services, all as more particularly agreed upon by the County and the Escrow Agent; provided, that these fees and expenses shall in no event be deducted from the Escrow Fund or the Escrowed Assets. Under no circumstances shall the Escrow Agent assert a lien on the Escrow Fund or the Escrowed Assets for any of its fees or expenses.

The County agrees to indemnify the Escrow Agent, and each of the Escrow Agent's directors, officers, agents, employees, successors and assigns (the "Indemnitees") and to hold them harmless against any loss, liability or expense incurred without negligence or misconduct on their part, arising out of or in connection with the acceptance or administration of the Escrow Fund hereunder, including the costs of defending the Indemnitees against any claim or liability in connection with the exercise or performance of any of their powers or duties as Escrow Agent hereunder.

SECTION 8. Functions of the Escrow Agent. (a) The Escrow Agent is entering into this Escrow Agreement in its capacity as Escrow Agent. Escrowed Assets held by the Escrow Agent hereunder are to be held and applied for the payment of the Notes or released to the County in accordance with Section 5 hereof.

(b) The Escrow Agent undertakes to perform only such duties as are expressly and specifically set forth in the Escrow Agreement and no implied duties or obligations shall be read into the Escrow Agreement against the Escrow Agent.

(c) The Escrow Agent may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, and shall be protected in acting, or refraining from acting, upon any written notice, instruction, request, certificate, document, report or opinion furnished to the Escrow Agent and reasonably believed by the Escrow Agent to have been signed or presented by the proper party, and it need not investigate any fact or matter stated in such notice, instruction, request, certificate, document, report or opinion.

(d) The Escrow Agent shall not be liable for the accuracy of the calculations as to the sufficiency of the Escrowed Assets to make the payments of principal of and interest on the Notes in accordance with Section 5.

(e) The Escrow Agent shall not have any liability hereunder except to the extent of its negligence or willful misconduct.

(f) The Escrow Agent may consult with legal counsel and the Escrow Agent shall not be liable for any actions taken or not taken by it in good faith in reliance upon the opinion or advice of such counsel.

(g) The Escrow Agent shall not be liable for the recitals or representations with respect to the County contained in this Escrow Agreement and shall

not be responsible for the validity of this Escrow Agreement with respect to the authority of the County to enter into this Escrow Agreement.

(h) Whenever in the administration of this Escrow Agreement the Escrow Agent shall deem it necessary or desirable that a matter be proved or established prior to taking or not taking any action, such matter may be deemed to be conclusively proved and established by a certificate of an authorized representative of the County and shall be full protection for any action taken or not taken by the Escrow Agent in good faith reliance thereon.

SECTION 9. Amendment; Term. This Escrow Agreement may not be revoked until payment in full of all amounts due on the Notes and may not be amended by the parties hereto unless there shall first have been filed with the County, the Initial Purchaser and the Escrow Agent (i) a written opinion of nationally recognized bond counsel stating that such amendment will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Notes, and (ii) the written consent of the Initial Purchaser and all registered owners of the Notes. All amendments to this Escrow Agreement shall be in writing and signed by the parties hereto. This Escrow Agreement shall terminate following the distribution in full of the Escrowed Assets in accordance with Section 5 hereof.

SECTION 10. Notices. All notices and communications hereunder shall be in writing and shall be deemed to be duly given if received or sent by first class mail, as follows:

If to the County:

County of San Mateo
County Manager's Office
400 County Center, 1st Floor
Redwood City, California 94063-1663
Attention: Budget Director

If to the Escrow Agent:

U.S. Bank National Association
60 Livingston Avenue
St. Paul, Minnesota 55107
Attention: Corporate Trust Services

If to the Paying Agent:

County of San Mateo
Office of Treasurer-Tax Collector
555 County Center, 1st Floor
Redwood City, California 94063-1663
Attention: Treasurer-Tax Collector

SECTION 11. Severability. If any section, paragraph, sentence, clause or provision of the Escrow Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, sentence, clause or provision shall not affect any of the remaining provisions of the Escrow Agreement.

SECTION 12. Governing Law; Third Party Beneficiaries. This Escrow Agreement shall be construed and governed in accordance with the laws of the State of California. The parties hereto acknowledge and agree that the holders of the Notes shall be third party beneficiaries of this Escrow Agreement.

SECTION 13. Execution. The Escrow Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all together shall constitute but one and the same agreement.

IN WITNESS WHEREOF, the County and the Escrow Agent have caused the Escrow Agreement to be executed each on its behalf as of the day and year first above written.

COUNTY OF SAN MATEO

By: _____
Jim Saco
Budget Director

U.S. BANK NATIONAL ASSOCIATION
as Escrow Agent

By _____
Authorized Officer

Acknowledged by:

TREASURER-TAX COLLECTOR OF
THE COUNTY OF SAN MATEO, as
Paying Agent

By _____
Sandie Arnott

SCHEDULE I
INITIAL INVESTMENTS

ESCROW AGREEMENT

by and between

COUNTY OF SAN MATEO

and

U.S. BANK NATIONAL ASSOCIATION, as Escrow Agent

Dated as of December __, 2013

RELATING TO

**COUNTY OF SAN MATEO, CALIFORNIA,
2013-2014 NOTES**

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