
ESCROW AGREEMENT

by and between the

SAN MATEO COUNTY FLOOD CONTROL DISTRICT

and

U.S. BANK NATIONAL ASSOCIATION,
as Trustee and Escrow Agent

Executed and entered into as of July 1, 2015

Relating to

SAN MATEO COUNTY FLOOD CONTROL DISTRICT
1997 CERTIFICATES OF PARTICIPATION
(COLMA CREEK FLOOD CONTROL ZONE)

and

SAN MATEO COUNTY FLOOD CONTROL DISTRICT
2004 CERTIFICATES OF PARTICIPATION
(COLMA CREEK FLOOD CONTROL ZONE)
ESCROW AGREEMENT

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This ESCROW AGREEMENT (the "Escrow Agreement"), executed and entered into as of July 1, 2015, by and between the SAN MATEO COUNTY FLOOD CONTROL DISTRICT, a flood control district duly organized and existing under and by virtue of the laws of the State of California (the "District"), and 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 and being qualified to accept and administer the trust hereby created (the "Trustee" and the "Escrow Agent");

WITNESSETH:

WHEREAS, the Trustee duly executed and delivered \$15,780,000 San Mateo County Flood Control District 1997 Certificates of Participation (Colma Creek Flood Control Zone) (the "1997 Certificates"), under and pursuant to a Trust Agreement (the "1997 Trust Agreement"), executed and entered into as of November 1, 1997, by and among the Trustee, the San Mateo Joint Powers Financing Authority (the "Authority"), and the District; and

WHEREAS, the Trustee duly executed and delivered \$10,380,000 San Mateo County Flood Control District 2004 Certificates of Participation (Colma Creek Flood Control Zone) (the "2004 Certificates," and, together with the 1997 Certificates, the "Prior Certificates"), under and pursuant to a Trust Agreement (the "2004 Trust Agreement," and, together with the 1997 Trust Agreement, the "Prior Trust Agreements") executed and entered into as of October 1, 2004, by and among the Trustee, the Authority, and the District; and

WHEREAS, the District and the Authority have entered into a 1997 Installment Payment Agreement, dated as of November 1, 1997, providing for the payment by the District of installment payments (the "1997 Installment Payments") together with interest thereon, and have entered into a 2004 Installment Sale Agreement, dated as of October 1, 2004, providing for the payment by the District of installment payments (the "2004 Installment Payments") together with interest thereon; and

WHEREAS, the 1997 Certificates represent interests in the 1997 Installment Payments, and the 2004 Certificates represent interests in the 2004 Certificates; and

WHEREAS, the District has determined to prepay all of the outstanding 1997 Installment Payments relating to the 1997 Certificates (the "Refunded 1997 Installment Payments"), and all of the outstanding 2004 Installment Payments relating to the 2004 Certificates (the "Refunded 2004 Installment Payments," and, together with the Refunded 1997 Installment Payments, the "Refunded Installment Payments"); and

WHEREAS, the refunding of the Refunded 1997 Installment Payments will effect a refunding of all of the Outstanding 1997 Certificates (collectively, the "Refunded 1997 Certificates"), and the refunding of the Refunded 2004 Installment Payments will effect a refunding of all the Outstanding 2004 Certificates (collectively, the "Refunded 2004 Certificates," and, together with the Refunded 1997 Certificates, the "Refunded Certificates"); and

WHEREAS, the District has duly issued, sold and delivered \$_____ principal amount of San Mateo County Flood Control District 2015 Revenue Refunding Bonds (Colma

Creek Flood Control Zone) (the “2015 Refunding Bonds”) under and pursuant to an Indenture, executed and entered into as of July 1, 2015 (the “2015 Indenture”), by and between the Trustee and the District, for the purpose of, among other things, providing funds for refunding, on a current basis, by the District of the Refunded Installment Payments; and

WHEREAS, the District has taken action to cause to be made available for purchase by the Trustee as Escrow Agent hereunder, for deposit in the Escrow Fund hereinafter referred to, [certain direct noncallable United States Treasury obligations (the “Escrow Securities”)], listed on Schedule I attached hereto and made a part hereof, in an aggregate principal amount which will be sufficient to provide for the payment of the the principal evidenced by the Refunded Certificates, together with interest thereon on [REDEMPTION DATE]; and

WHEREAS, the provisions of the Prior Trust Agreements are incorporated herein by reference as if set forth herein in full; and

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

Section 1. Election to Prepay. The District hereby elects to prepay the Refunded Installment Payments on [REDEMPTION DATE], which will effect a prepayment of the Refunded Certificates in whole.

Section 2. Establishment and Maintenance of Escrow Fund. The Escrow Agent agrees to establish and maintain the Escrow Fund (the “Escrow Fund”) until the Refunded Certificates have been paid as provided herein, and to hold the Escrow Securities and the money (whether constituting the initial deposit in the Escrow Fund or constituting receipts on the Escrow Securities) in the Escrow Fund at all times as a separate trust account wholly segregated from all other securities, investments or money held by it. All securities and money in the Escrow Fund are hereby irrevocably pledged to secure the payment of the Refunded Certificates as provided herein; provided, that any money held in the Escrow Fund that is not used for the payment of the Refunded Certificates shall be repaid to the District free from the trust created by the Escrow Agreement.

On or prior to July __, 2015, the following amounts totaling \$_____ will be transferred to the Escrow Agent to be deposited in the Escrow Fund:

(1) \$_____ from U.S. Bank National Association, as Trustee for the 2015 Refunding Bonds, representing proceeds of the 2015 Refunding Bonds; [

(2) \$_____ from U.S. Bank National Association, as Trustee for the Refunded Certificates, representing amounts on deposit in the reserve fund for the Refunded 1997 Certificates and in the reserve fund for the Refunded 2004 Certificates; and

(3) \$_____ from the District, representing interest accrued on the Refunded Certificates.]

Section 3. Investment of Money in the Escrow Fund. The Escrow Agent shall purchase the Escrow Securities with the total amount deposited in the Escrow Fund at a

price of \$ _____ and will hold \$ _____ in cash in the Escrow Fund. The Escrow Agent shall not be liable or responsible for any loss resulting from any investment made pursuant to this section and in full compliance with the provisions hereof.

The District acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the District the right to receive brokerage confirmations of security transactions as they occur, the District specifically waives receipt of such confirmations to the extent permitted by law. The Escrow Agent will furnish the District periodic cash transaction statements which include detail for all investment transactions made by the Escrow Agent hereunder.

Section 4. Payment From the Escrow Fund. 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 Escrow Securities held in the Escrow Fund promptly as such interest and principal become due, and to use such interest and principal, together with any other money and the interest and principal of any other securities deposited in the Escrow Fund, to provide for the payment of the interest evidenced and represented by all outstanding Refunded Certificates as such interest becomes due and payable and to provide for prepayment of the Refunded Certificates on [REDEMPTION DATE], all as set forth in Schedule II attached hereto.

Section 5. Notice of Prepayment of Refunded Certificates. Not more than 60 days and not less than 30 days prior to [REDEMPTION DATE] the Trustee is hereby irrevocably instructed to give notice of prepayment to the Owners of the Refunded Certificates in accordance with the applicable provisions of the Prior Trust Agreements for the optional prepayment of the Refunded Certificates substantially in the forms attached hereto.

Section 6. Compensation and Indemnification of the Escrow Agent.

(a) The District shall pay the Escrow Agent an annual fee for its services hereunder and shall reimburse the Escrow Agent for its 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 Authority and the Escrow Agent; provided, that these fees and expenses shall in no event be deducted from the Escrow Fund. Under no circumstances shall the Trustee assert a lien on the Escrow Fund for any of its fees or expenses.

(b) The District agrees to indemnify the Escrow Agent, its agents and its officers or employees for, and hold the Escrow Agent, its agents and its officers or employees harmless from, liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims, costs, expenses and disbursements of any kind (including, without limitation, reasonable fees and disbursements of counsel or accountants for the Escrow Agent) which may be imposed on, incurred by, or asserted against the Escrow Agent or such other party at any time by reason of its performance of Escrow Agent's services, in any transaction arising out of the Escrow Agreement or any of the transactions contemplated herein, unless due to the negligence or willful misconduct of the particular indemnified party.

(c) The obligations of the District hereunder to the Escrow Agent shall survive the termination or discharge of this Escrow Agreement or the resignation of the Escrow Agent.

Section 7. Functions of the Escrow Agent.

(a) The Escrow Agent is entering into this Escrow Agreement in its capacity as Trustee under the Prior Trust Agreements. Moneys held by the Escrow Agent hereunder are to be held and applied for the payment of Refunded Certificates in accordance with the Prior Trust Agreements.

(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 and indemnified as stated in the Escrow Agreement, 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 have any liability hereunder except to the extent of its own negligence or willful misconduct. In no event shall the Escrow Agent be liable for any special, indirect or consequential damages, even if parties know of the possibility of such damages. The Escrow Agent shall have no duty or responsibility under the Escrow Agreement in the case of any default in the performance of covenants or agreements contained in the Prior Trust Agreements or in the case of the receipt of any written demand with respect to such default. The Escrow Agent is not required to resolve conflicting demands to money or property in its possession under the Escrow Agreement.

(e) The Escrow Agent may consult with counsel of its own choice (which may be counsel to the District) and the opinion of such counsel shall be full and complete authorization to take or suffer in good faith any action in accordance with such opinion of counsel.

(f) The Escrow Agent shall not be responsible for any of the recitals or representations contained herein or in the Prior Trust Agreements.

(g) The Escrow Agent may become the owner of, or acquire any interest in, any of the Refunded Certificates with the same rights that it would have if it were not the Escrow Agent, and may engage or be interested in any financial or other transaction with the District.

(h) The Escrow Agent shall not be liable for the accuracy of the calculations as to the sufficiency of the Escrow Securities and moneys to make the payments of principal and interest evidenced and represented by the Refunded Certificates in accordance with Section 4.

(i) The Escrow Agent shall not be liable for any action or omission of the District under the Escrow Agreement or the Prior Trust Agreements.

(j) Whenever in the administration of the trust of the Escrow Agreement the Escrow Agent shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of negligence or willful misconduct on the part of the Escrow Agent, be deemed to be conclusively proved and established by a Certificate of the District (as that term is defined in the Prior Trust Agreements), and such certificate shall, in the absence of negligence or willful misconduct on the part of the Escrow Agent, be full warrant to the Escrow Agent for any action taken or suffered by it under the provisions of the Escrow Agreement upon the faith thereof.

(k) The Escrow Agent may be removed or may resign concurrently with the removal or resignation of the Escrow Agent as Trustee pursuant to the applicable provisions of the Prior Trust Agreements. Upon the removal or resignation of the Escrow Agent, the District shall appoint a successor Escrow Agent concurrently with its appointment of a successor Trustee under the Prior Trust Agreements.

(l) The Escrow Agent will provide the District with monthly statements of the account maintained hereunder.

Section 8. Merger or Consolidation. Any company into which the Escrow Agent may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Escrow Agent may sell or transfer all or substantially all of its corporate trust business, provided such company shall be eligible under this Section 8, shall be the successor to such Escrow Agent, without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

Section 9. Amendment. This Escrow Agreement may not be revoked or amended by the parties hereto unless there shall first have been filed with the District 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 evidenced by the Refunded Certificates or interest on the 2015 Refunding Bonds, and (ii) unless such amendment is not materially adverse to the interests of the registered owners of the Refunded Certificates, or (iii) the written consent of all the registered owners of the Refunded Certificates then outstanding to the amendment has been obtained.

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 District:

San Mateo County Flood Control District
c/o Department of Public Works
555 County Center, 5th Floor
Redwood City, CA 94063-1665

If to the Escrow Agent:

U.S. Bank National Association
One California Street, Suite 1000
San Francisco, California 94111
Attention: Corporate Trust Services

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. This Escrow Agreement shall be construed and governed in accordance with the laws of the State of California.

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 District and the Trustee and Escrow Agent have caused this Escrow Agreement to be executed each on its behalf as of the day and year first above written.

SAN MATEO COUNTY FLOOD CONTROL
DISTRICT

By_____

Attest:

Secretary of the Board of Directors

U.S. BANK NATIONAL ASSOCIATION,
As Trustee and Escrow Agent

By_____
Authorized Signatory

SCHEDULE I
ESCROW SECURITIES

<u>Security</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
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SCHEDULE II
DEBT SERVICE OF REFUNDED CERTIFICATES

[See attached.]

FORMS OF NOTICES OF REDEMPTION