
ESCROW AGREEMENT

by and between the

SAN MATEO AUTHORITY JOINT POWERS FINANCING AUTHORITY

and

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

Executed and entered into as of [DATE]

Relating to

SAN MATEO AUTHORITY JOINT POWERS FINANCING AUTHORITY
REFUNDING LEASE REVENUE BONDS
(YOUTH SERVICES CAMPUS) 2008 SERIES A

TABLE OF CONTENTS

	Page
Section 1. Election to Prepay.....	2
Section 2. Establishment and Maintenance of Escrow Fund	2
Section 3. Investment of Money in the Escrow Fund	2
Section 4. Payment From the Escrow Fund	3
Section 5. Notice of Prepayment of Series 2008 Bonds.....	3
Section 6. Compensation and Indemnification of the Escrow Agent.....	3
Section 7. Functions of the Escrow Agent	4
Section 8. Merger or Consolidation.....	5
Section 9. Amendment	5
Section 10. Notices	5
Section 11. Severability	6
Section 12. Governing Law	6
Section 13. Execution	6
SCHEDULE I DEBT SERVICE REQUIREMENTS OF Series 2008 Bonds	I-1

This ESCROW AGREEMENT (the “Escrow Agreement”), executed and entered into as of [DATE], by and between the SAN MATEO AUTHORITY JOINT POWERS FINANCING AUTHORITY, a JOINT POWERS FINANCING AUTHORITY duly organized and existing under and by virtue of the laws of the State of California (the “Authority”), 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 Authority of San Mateo (the “Authority”) and the Community Development Commission for the Authority of San Mateo (the “Commission”) have heretofore entered into a Joint Exercise of Powers Agreement, dated May 15, 1993 (the “Joint Powers Agreement”), which Joint Powers Agreement creates and establishes the San Mateo Authority Joint Powers Financing Authority (the “Authority”);

WHEREAS, pursuant to Article 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the “JPA Law”) and the Joint Powers Agreement, the Authority is authorized to issue bonds for financing and refinancing public capital improvements whenever there are significant public benefits;

WHEREAS, the Authority issued \$66,725,000 aggregate principal amount of San Mateo Authority Joint Powers Financing Authority Lease Revenue Bonds (Capital Projects), 2003 Series A (the “2003 Series A Bonds”), \$66,825,000 aggregate principal amount of San Mateo Authority Joint Powers Financing Authority Lease Revenue Bonds (Capital Projects), 2003 Series B (the “2003 Series B Bonds”), and \$21,800,000 aggregate principal amount of San Mateo Authority Joint Powers Financing Authority Lease Revenue Bonds (Capital Projects), 2003 Series C (the “2003 Series C Bonds” and collectively with the 2003 Series A Bonds and the 2003 Series B Bonds, the “Series 2003 Bonds”), pursuant to an Indenture (the “2003 Indenture”), dated as of August 1, 2003, between the Authority and U.S. Bank National Association, as trustee (the “Trustee”) for the purpose of financing the acquisition, construction and improvement of Authority facilities, including facilities to be used for youth services located at 22 Paul Scannell Drive, San Mateo, California (such facilities, together, the “Youth Services Campus”);

WHEREAS, the Authority issued \$141,080,000 aggregate principal amount of San Mateo Authority Joint Powers Financing Authority Lease Revenue Bonds (Youth Services Campus), 2008 Series A (the “Series 2008 Bonds”), pursuant to a First Supplemental Indenture (the “2008 Supplemental Indenture,” and, together with the 2003 Indenture, the “Prior Indenture”), dated as of September 1, 2008, between the Authority and U.S. Bank National Association, as trustee (the “Trustee”) for the purpose of refunding the Outstanding Series 2003 Bonds;

WHEREAS, the County and the Authority have entered into a Site Lease, dated as of August 1, 2003, as amended by a First Amendment to Site Lease dated as of September 1, 2008, (together the “2008 Site Lease”), as amended and restated by an Amended and Restated

Site Lease, dated as of [DATE] (the “Amended and Restated Site Lease”), pursuant to which the County has leased the Youth Services Campus (the “Youth Services Campus”) to the Authority;

WHEREAS, the Authority and the County have entered into a Facility Lease, dated as of August 1, 2003, as amended by a First Amendment to Facility Lease, dated as of September 1, 2008 (together, the “2008 Facility Lease”), as amended and restated by an Amended and Restated Facility Lease, dated as of [DATE] (the “Amended and Restated Facility Lease”), pursuant to which the Authority has leased back the Youth Services Campus to the County, and the County agreed to pay the corresponding base rental payments to be used by the Authority to pay debt service on the Series 2008 Bonds;

WHEREAS, the Authority has duly issued, sold and delivered \$[PAR AMOUNT] principal amount of San Mateo Authority Joint Powers Financing Authority 2016 Lease Revenue Series 2016 Bonds (Youth Services Campus) 2016 Series A (the “Series 2016 Bonds”) under and pursuant to a Trust Agreement, executed and entered into as of [DATE] (the “2016 Trust Agreement”), by and between the Trustee and the Authority, for the purpose of, among other things, refunding the outstanding Series 2008 Bonds; and

WHEREAS, the 2016 Trust Agreement provides for the transfer and deposit of certain proceeds of the Series 2016 Bonds to the Escrow Fund created hereunder to defease and redeem the Series 2008 Bonds, and such proceeds shall be in such amount which will be sufficient to provide for the payment of the principal of and interest on the Series 2008 Bonds until they are redeemed; and

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

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

Section 1. Election to Prepay. The County has prepaid the 2008 Facilities Lease as of the date hereof, and has thereby caused the defeasance of the 2008 Bonds to their first call date [July 15, 2018], when the 2008 Bonds shall be redeemed.

Section 2. Establishment and Maintenance of Escrow Fund. The Escrow Agent agrees to establish and maintain the Escrow Fund (the “Escrow Fund”) until the Series 2008 Bonds have been paid as provided herein, and to hold the money 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 Series 2008 Bonds as provided herein; provided, that any money held in the Escrow Fund that is not used for the payment of the Series 2008 Bonds shall be repaid to the Authority free from the trust created by the Escrow Agreement.

On or prior to [CLOSING DATE], \$_____, representing proceeds of the Series 2016 Bonds, will be transferred from U.S. Bank National Association, as Trustee for the Series 2016 Bonds, to the Escrow Agent to be deposited in the Escrow Fund.

Investment of Money in the Escrow Fund. (a) The Authority and the Escrow

Agent each shall take all remaining necessary action to have the Escrow Securities listed in Schedule I hereto issued and registered in the name of the Escrow Agent, for the account of the Escrow Fund. The Escrow Agent shall use proceeds of the Series 2016 Bonds and other moneys deposited into the Escrow Fund to purchase the Escrow Securities listed in Schedule I.

(b) Except as set forth below, the Escrow Agent shall not reinvest any cash portion of the Escrow Fund; provided, however, that after obtaining an unqualified legal opinion of nationally recognized bond counsel that such reinvestment will not adversely affect the tax-exempt status of interest on the Series 2016 Bonds and the Prior Bonds under Section 103 of the Internal Revenue Code of 1986 and the regulations of the United States Department of the Treasury issued thereunder, and will not result in the breach of any covenant of the Authority contained in the Prior Indenture, the Escrow Agent may reinvest, at the written direction of the Authority, any cash portion of the Escrow Fund in Escrow Securities. Any such reinvestment shall be made in Escrow Securities the principal of and interest on which are payable at such times and in such amounts as will be sufficient (together with the other securities, investments and moneys in the Escrow Fund) to pay the Prior Bonds in accordance with Section 3 and consistent with the then-currently applicable report of a certified public accountant licensed to practice in the State of California, delivered with respect to the Escrow Fund. The Escrow Agent shall not be liable or responsible for any loss resulting from any investment made pursuant to this Escrow Agreement and in full compliance with the provisions hereof.

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

Section 3. Payment From the Escrow Fund. The Escrow Agent is hereby irrevocably instructed to, and the Escrow Agent hereby agrees to, use the moneys deposited in the Escrow Fund, to provide for the payment of the interest evidenced and represented by all outstanding Series 2008 Bonds as such interest becomes due and payable and to provide for payment of the Series 2008 Bonds on [July 15, 2018], all as set forth in Schedule I attached hereto.

Section 4. Notice of Redemption of Series 2008 Bonds. Not more than 60 days and not less than 30 days prior to [July 15, 2018], the Trustee is hereby irrevocably instructed to give notice of Redemption to the Owners of the Series 2008 Bonds in accordance with the applicable provisions of the Prior Indenture for the optional prepayment of the Series 2008 Bonds substantially in the form attached hereto.

Section 5. Compensation and Indemnification of the Escrow Agent.

(a) The Authority 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 Authority 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 Authority hereunder to the Escrow Agent shall survive the termination or discharge of this Escrow Agreement or the resignation of the Escrow Agent.

Section 6. Functions of the Escrow Agent.

(a) The Escrow Agent is entering into this Escrow Agreement in its capacity as Trustee under the Prior Indenture. Moneys held by the Escrow Agent hereunder are to be held and applied for the payment of Series 2008 Bonds in accordance with the Prior Indenture.

(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 Indenture 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 Authority) 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 Indenture.

(g) The Escrow Agent may become the owner of, or acquire any interest in, any of the Series 2008 Bonds 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 Authority.

(h) The Escrow Agent shall not be liable for the accuracy of the calculations as to the sufficiency of the moneys to make the payments of principal and interest evidenced and represented by the Series 2008 Bonds in accordance with Section 4.

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

(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 Authority (as that term is defined in the Prior Indenture), 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 Indenture. Upon the removal or resignation of the Escrow Agent, the Authority shall appoint a successor Escrow Agent concurrently with its appointment of a successor Trustee under the Prior Indenture.

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

Section 7. 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 7, 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 8. Amendment. This Escrow Agreement may not be revoked or amended by the parties hereto unless there shall first have been filed with the Authority 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 Series 2008 Bonds or interest on the Series 2016 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 Series 2008 Bonds then outstanding to the amendment has been obtained.

Section 9. 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 Authority:

San Mateo County Joint Powers Financing Authority
555 County Center
Redwood City, CA 94063-1665

If to the Escrow Agent:

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

Section 10. 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 11. Governing Law. This Escrow Agreement shall be construed and governed in accordance with the laws of the State of California.

Section 12. 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 Authority 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 AUTHORITY JOINT POWERS
FINANCING AUTHORITY

By _____
Authorized Officer

Attest:

Clerk of the Board of Supervisors

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

By _____
Authorized Signatory

SCHEDULE I

DEBT SERVICE REQUIREMENTS Of Series 2008 Bonds

FORM OF NOTICE OF REDEMPTION