

ESCROW AGREEMENT

By and between

COUNTY OF SOLANO

and

MUFG UNION BANK, N.A., as Escrow Agent

Relating to \$[PAR]

SERIES 2017 REFUNDING CERTIFICATES OF PARTICIPATION

Dated as of [September 1, 2017]

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ESCROW AGREEMENT

2017 Refunding Certificates of Participation

This ESCROW AGREEMENT (the "Escrow Agreement"), made and entered into as of [September 1, 2017], by and among the County of Solano (the "County"), and MUFG Union Bank, N.A., a national banking association organized and existing under the laws of the United States of America having a corporate trust office in San Francisco, California, and being qualified to accept and administer the escrows hereby created (the "Escrow Agent") and the Prior Trustee (as hereinafter defined),

WITNESSETH:

WHEREAS, the County has heretofore entered into that certain Amended and Restated Lease Agreement, dated as of February 1, 2007 (the "Prior Agreement"), by and between the County and the Solano County Facilities Corporation, Inc. (the "Corporation"), pursuant to which it agreed to make certain Lease Payments (the "Prior Lease Payments") of which \$[_____] principal amount remains unpaid; and

WHEREAS, the Prior Lease Payments were assigned to Union Bank of California, N.A. (now known as MUFG Union Bank, N.A.) (the "Prior Trustee") for the holders of certain certificates of participation therein (the "Prior Certificates") pursuant to that certain Amended and Restated Trust Agreement, dated as of February 1, 2007 by and among the County, the Corporation and the Prior Trustee (the "Prior Trust Agreement"); and

WHEREAS, the County has determined to cause the execution and delivery of the 2017 Refunding Certificates of Participation (the "Certificates") for the purpose, among other purposes, of providing moneys which will be sufficient (when combined with moneys to be provided from other sources and with the interest earnings on the combined moneys) to provide for the payment when due of a prescribed portion of the Prior Lease Payments, including said \$[_____] in principal amount of the Prior Lease Payments, together with \$[_____] of interest components of the Prior Lease Payments related thereto and including November 1, 2017, the prepayment date thereof (the sum of such amounts are hereinafter referred to as the "Prepayment Price"); and

WHEREAS, a portion of the proceeds of the Certificates will be set aside in order to provide for the payment of the Prepayment Price of the Prior Lease Payments, such proceeds to be deposited in a special escrow fund to be created hereunder to be known as the Refunding Escrow to be maintained by the Escrow Agent (the "Refunding Escrow"); and

WHEREAS, the County has taken action to cause to be delivered to the Escrow Agent for credit to the Refunding Escrow certain securities consisting of direct obligations of, or obligations, the timely payment of the principal of and interest on which are fully and unconditionally guaranteed by, the United States of America (the "Investment Securities"), all as listed on Schedule I attached hereto and made a part hereof, in an amount which, together with

income or increment to accrue on such securities, have been certified by [Verification Agent], to be sufficient to pay when and as due the Prepayment Price of the Prior Lease Payments;

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

Section 1. Establishment and Maintenance of Refunding Escrow. The

Escrow Agent agrees to establish and maintain, until the Prior Lease Payments have been paid in full, a fund designated as the "Refunding Escrow," and to hold the securities, investments and moneys therein at all times as a special and separate escrow fund (wholly segregated from all other securities, investments or moneys on deposit with the Escrow Agent). All securities, investments and moneys in the Refunding Escrow are hereby irrevocably pledged, subject to the provisions of Section 2 hereof, to secure the payment when due of the principal of and the interest and prepayment premiums on the Prior Lease Payments.

Section 2. Funding and Investment of the Refunding Escrow.

(a) To establish funding of the Refunding Escrow, the County agrees that on [September __, 2017] (the "Closing Date"), the County will cause the amount of \$[_____] to be transferred to the Escrow Agent from the proceeds of the Certificates for deposit in the Refunding Escrow. The County hereby directs the Prior Trustee to transfer to the Escrow Agent for deposit in the Refunding Escrow the amount of \$[_____] from the Prior Trust Agreement comprised of \$_____ from the _____ Fund/Account and \$_____ from the Fund/Account.

(b) The County hereby directs the Escrow Agent to purchase, for the account of the Refunding Escrow, the Investment Securities listed on Schedule I hereto. Except as otherwise provided in this section, the Escrow Agent shall not reinvest any remaining portion of the Refunding Escrow and shall hold such portion uninvested in the Refunding Escrow. The Escrow Agent is hereby authorized and empowered to deposit uninvested moneys held hereunder from time to time in demand deposit accounts, without payment for interest thereon, as provided hereunder, established with itself or at commercial banks that are corporate affiliates of the Escrow Agent.

(c) Upon the written direction of the County, but subject to the conditions and limitations herein set forth, the Escrow Agent shall purchase substitute Investment Securities with the proceeds derived from the sale, transfer, redemption or other disposition of Investment Securities then on deposit in the Refunding Escrow in accordance with the provisions of this Section 2(c). Such sale, transfer, redemption or other disposition of such Investment Securities then on deposit in the Refunding Escrow and substitution of other Investment Securities of the County are permitted hereunder but only by a simultaneous transaction and only if: (i) a nationally recognized firm of Independent Certified Public Accountants shall certify that (a) the Investment Securities to be substituted, together with the Investment Securities which will continue to be held in the Refunding Escrow, will mature in such principal amounts and earn interest in such amounts and, in each case, at such times so that sufficient moneys will be available from maturing principal and interest on such Investment Securities held in the Refunding Escrow together with any uninvested moneys, to make all payments required by

Section 3 hereof which have not previously been made, and (b) the amounts and dates of the anticipated payments by the Escrow Agent of the Prepayment Price will not be diminished or postponed thereby, and (ii) the Escrow Agent shall receive an unqualified opinion of nationally recognized bond counsel to the effect that the sale, transfer, redemption or other disposition and substitution of Investment Securities will not adversely affect the exclusion of interest on the Certificates or the Prior Certificates from gross income for federal income tax purposes.

(d) Upon the written direction of the County, but subject to the conditions and limitations herein set forth, the Escrow Agent will apply any moneys received from the maturing principal of or interest or other investment income on any Investment Securities held in the Refunding Escrow, or the proceeds from any sale, transfer, redemption or other disposition of Investment Securities pursuant to Section 2(c) not required for the purposes of said Section, as follows: (A) to the extent such moneys will not be required at any time for the purpose of making a payment required by Section 3 hereof, as shall be certified to the Escrow Agent by a nationally recognized firm of Independent Certified Public Accountants, such moneys shall be paid over to the County upon the written direction of the County as received by the Escrow Agent, free and clear of any trust, lien, pledge or assignment securing the Prior Lease Payments or otherwise existing hereunder or under the Prior Agreement after provision for payment of amounts due the Prior Trustee, and the Escrow Agent pursuant to Section 5 and 12 hereof; and (B) to the extent such moneys will be required for such purpose at a later date, shall, to the extent practicable, be invested or reinvested in Investment Securities maturing at times and in amounts sufficient to pay when due the Prepayment Price (provided that (i) the amount of the funds to be realized from time to time from such investment or reinvestment shall be certified by a nationally recognized firm of Independent Certified Public Accountants and (ii) the County shall deliver to the Escrow Agent an opinion of nationally recognized bond counsel to the effect that such investment or reinvestment will not adversely affect the exclusion of interest on the Certificates or the Prior Certificates from gross income for federal income tax purposes).

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

Section 3. Payment and Prepayment of the Prior Lease Payments. Except as otherwise provided in Section 2, the County hereby requests and irrevocably instructs the Escrow Agent to notify the holders of the Prior Certificates that the Prior Lease payments and the Prior Certificates will be prepaid on November 1, 2017 as provided in the Prior Trust Agreement, and to deposit in the Refunding Escrow the principal of and interest on the Investment Securities held for the account of the Refunding Escrow promptly as such principal and interest become due, and to transfer, subject to the provisions of Section 2 hereof, such principal and interest, together with any other moneys and the principal of and interest on any other securities deposited in the Refunding Escrow, to the Prior Trustee for the payment of the Prior Lease Payments when due to and including November 1, 2017, and to prepay the remaining unpaid Prior Lease Payments (including the prepayment penalty thereon) on said date. Upon payment in full of the Prior Lease Payments, the Escrow Agent shall transfer any moneys or securities remaining in the Refunding Escrow to the County and, after provision for payment of amounts due the Prior Trustee under the Prior Trust Agreement and the Escrow Agent

pursuant to Section 5 and 12 hereof, this Agreement shall terminate. The Refunding Escrow cash flow is set forth in Schedule II attached hereto.

Section 4. Notice of Prepayment [Notice of prepayment shall be given by first-class mail, postage prepaid, not less than thirty (30) days but not more than sixty (60) days, prior to the date of prepayment, to the Owners of the outstanding Prior Certificates to be prepaid, and to the Information Services and by registered or certified or overnight mail to the Securities Depositories at least thirty (30) days but not more than sixty (60) days prior to the prepayment date. Such mailing shall not be a condition precedent to such prepayment, and failure to mail any such notice, failure of an Owner to receive such notice, or any defect in such notice as mailed, shall not affect the validity of the proceedings for the prepayment of the outstanding Prior Certificates. Such notice shall be in the form attached as Exhibit A hereto.]

Section 5. Notice of Possible Deficiencies. If at any time the Escrow Agent has actual knowledge that the moneys in the Refunding Escrow, including the anticipated proceeds of the Investment Securities, will not be sufficient to make all payments required by Section 3 hereof, the Escrow Agent shall notify the County in writing as soon as is reasonably practicable, of such fact, the amount of such deficiency and if known, the reason therefor.

Section 6. Fees and Costs.

(a) The County shall pay to the Escrow Agent from time to time reasonable compensation for all services rendered under this Agreement. The parties hereto agree that the duties and obligations of the Escrow Agent shall be as expressly provided herein, and no implied duties or obligations shall be read into this Agreement against the Escrow Agent.

(b) The Escrow Agent shall also be entitled to additional fees and reimbursements for costs incurred, including but not limited to legal and accountants' services, involving this Agreement.

(c) The fees of and the costs incurred by the Escrow Agent shall in no event be deducted or payable from, or constitute a lien against, the Refunding Escrow.

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 Agreement, shall be the successor of such Escrow Agent without the execution or filing of any paper or any further act, notwithstanding anything herein to the contrary.

Section 8. Resignation of Escrow Agent. The Escrow Agent may at any time resign by giving written notice to the County of such resignation. The County shall promptly appoint a successor Escrow Agent. Resignation of the Escrow Agent will be effective only upon acceptance of appointment of a successor Escrow Agent. If the County does not appoint a successor within 30 days after receiving notice from the Escrow Agent, the Escrow Agent may

petition any court of competent jurisdiction for the appointment of a successor Escrow Agent, which court may thereupon, after such notice, if required by law, appoint a successor Escrow Agent. After receiving a notice of resignation of an Escrow Agent, the County may appoint a temporary Escrow Agent to replace the resigning Escrow Agent until the County appoints a successor Escrow Agent. Any such temporary Escrow Agent so appointed by the County shall immediately and without further act be superseded by the successor Escrow Agent so appointed.

Section 9. Severability. If any section, paragraph, sentence, clause or provision of this Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, sentence, clause or provisions shall not affect any of the remaining provisions of this Agreement.

Section 10. Execution of Counterparts. This Agreement may be executed in any number of counterparts, each of which shall for all purposes be deemed to be an original and all of which shall together constitute but one and the same instrument.

Section 11. Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

Section 12. Indemnification. The County agrees to indemnify, hold harmless and defend the Escrow Agent, its officers, directors, employees and agents to the maximum extent permitted by law from and against any and all losses, damages, claims, actions, liabilities, costs and expenses of whatever nature, kind or character (including, without limitation, attorneys' fees, litigation and court costs, amounts paid in settlement and amounts paid to discharge judgments) which may be imposed on, or incurred by or asserted against the Escrow Agent directly or indirectly arising out of or related to any claim, suit, investigation, proceeding or action commenced or threatened as a result the execution by the Escrow Agent of this Agreement, the performance of its obligations hereunder, or of the payment of the prescribed Prior Lease Payments. This indemnification shall apply whether any such claim, suit, investigation, proceeding or action is based upon (i) the interference with or breach of or alleged interference with or alleged breach of any existing contract in connection with the prescribed Prior Lease Payments, (ii) any untrue statement or alleged untrue statement of a material fact or omission required to be stated in any offering document with respect to the Prior Certificates necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, or (iii) any other wrongful act or alleged wrongful act of the County related to the payment of the Prior Lease Payments; provided, however, that this indemnification shall not cover any losses or expenses incurred by the Escrow Agent as a result of its negligence or willful misconduct. In addition to the foregoing, the prevailing party in any lawsuit shall be entitled to attorneys' fees and costs incurred in any judgment proceeding to collect or enforce the judgment. This provision is separate and severable and shall survive the merger of this Agreement into any judgment on this Agreement.

The agreements of the County hereunder shall survive the discharge of the Prior Trust Agreement and the Prior Agreement and the delivery of and payment for the Certificates.

Section 13. Immunities and Liability of Escrow Agent.

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

(b) 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 the Escrow Agent or the County knows of the possibility of such damages. The Escrow Agent shall have no duty or responsibility under this Escrow Agreement in the case of any default in the performance of the covenants or agreements contained in the Prior Agreement or the Prior Trust Agreement or in the case of any default by any other party in the performance of the covenants or agreements contained in the Prior Agreement or the Prior Trust Agreement. The Escrow Agent is not required to resolve conflicting demands to money or property in its possession under this Escrow Agreement.

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

(d) The Escrow Agent shall not be responsible for any of the recitals or representation contained herein, in the Prior Agreement or the Prior Trust Agreement.

(e) The Escrow Agent may become the owner of, or acquire any interest in, any of the Prior 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 County.

(f) The Escrow Agent shall not be liable for the accuracy of any calculations provided as to the sufficiency of the moneys or securities deposited with it to pay the prescribed Prior Lease Payments.

(g) The Escrow Agent shall not be liable for any action or omission of the County under this Escrow Agreement, the Prior Agreement, or the Prior Trust 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 suffering any action hereunder, the Escrow Agent may request, and 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 any authorized representative of the County, 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 in good faith by it under the provisions of this Escrow Agreement.

(i) The Escrow Agent may conclusively rely, as to the truth and accuracy of the statements and correctness of the opinions and the calculations provided to it in connection with this Escrow Agreement and shall be protected in acting, or refraining from acting, upon any written notice, instruction, request, certificate, document or opinion furnished to the Escrow Agent in compliance with this Escrow Agreement 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 or opinion.

(j) No provision hereunder shall require the Escrow Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers. The Escrow Agent shall furnish the County periodic cash transaction statements which include detail for all investment transactions effected by the Escrow Agent or brokers selected by the County. Upon the County's election, such statements will be delivered via the Escrow Agent's online service and upon electing such service, paper statements will be provided only upon request. The County waives the right to receive brokerage confirmations of security transactions effected by the Escrow Agent as they occur, to the extent permitted by law. The County further understands that trade confirmations for securities transactions effected by the Escrow Agent will be available upon request and at no additional cost and other trade confirmations may be obtained from the applicable broker.

Section 14. Termination and Modification of Agreement. Upon final payment in full of the principal of and interest on the Prior Lease Payments pursuant to this Escrow Agreement and all of the fees and expenses of the Escrow Agent as described above, all obligations of the Escrow Agent under this Agreement shall cease and terminate, except for the obligation of the County to compensate and to indemnify the Escrow Agent and the obligation of the Escrow Agent to pay or cause to be paid to the Owners of the Prior Certificates not so surrendered and paid all sums due with respect thereto; provided, however, the obligations of the Escrow Agent with respect to the payment of the Prior Lease Payments shall cease and terminate two (2) years after the date on which the same shall have become due as described hereunder. This Agreement may not be amended or modified without the unanimous prior written consent of the Owners of the Prior Certificates as provided in the Prior Trust Agreement.

IN WITNESS WHEREOF, the County of Solano and MUFG Union Bank, N.A., have caused this Escrow Agreement to be executed each on its behalf by duly authorized officers as of the day and year first above written.

COUNTY OF SOLANO

By _____
[County Administrator]

MUFG UNION BANK, N.A.,
as Escrow Agent and Prior Trustee

By _____
Authorized Representative

SCHEDULE I
INVESTMENT SECURITIES

<u>Security</u>	<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Coupon Rate</u>
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SCHEDULE II
REFUNDING ESCROW CASH FLOW

Escrow Cash Flow

*County of Solano
2017 Refunding Certificates of Participation*

<u>Date</u>	<u>Beginning Cash Balance</u>	<u>Receipts from Acquired Obligations</u>	<u>Debt Service Requirements of the Prior Certificates to Early Redemption</u>	<u>Ending Cash Balance</u>
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EXHIBIT A

FORM OF NOTICE OF PREPAYMENT

[To come]

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