

ESCROW AGREEMENT

by and between

SOUTH ORANGE COUNTY PUBLIC FINANCING AUTHORITY

and

**U.S. BANK NATIONAL ASSOCIATION,
as Escrow Bank**

Dated as of February 1, 2018

Relating to

**SOUTH ORANGE COUNTY PUBLIC FINANCING AUTHORITY
SPECIAL TAX REVENUE BONDS
2005 SERIES A (LADERA RANCH)**

ESCROW AGREEMENT

THIS ESCROW AGREEMENT, dated as of February 1, 2018 (this “Agreement”), is by and between the South Orange County Public Financing Authority, a joint powers authority duly organized and existing under the laws of the State of California (the “Authority”) and U.S. Bank National Association, acting in its capacity as escrow agent (the “Escrow Bank”) pursuant to this Agreement;

WITNESSETH:

WHEREAS, the Authority has previously issued its Special Tax Revenue Bonds, 2005 Series A (Ladera Ranch) pursuant to an Indenture of Trust dated as of November 1, 2005 (the “Prior Indenture”), between the Authority and U.S. Bank National Association, as trustee (the “Prior Trustee”) which are currently outstanding in the aggregate principal amount of \$62,890,000 as described in Schedule A hereto (the “Refunded Bonds”); and

WHEREAS, the Authority has determined to issue its Special Tax Revenue Refunding Bonds (Ladera Ranch) 2018 Series A (collectively, the “Bonds”) for the purpose of providing moneys which will, together with certain other moneys as described herein, be sufficient to redeem the Refunded Bonds maturing on and after August 15, 2018 on February 24, 2017 at a redemption price equal to the outstanding principal amount thereof, together with accrued interest thereon to such date, without premium (the “Redemption Price”); and

WHEREAS, a portion of the proceeds of the Bonds shall be set aside in order to provide for the payment of the Refunded Bonds, and such proceeds shall be deposited in a special escrow fund to be created hereunder and maintained by the Escrow Bank (the “Escrow Fund”); and

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the Authority and the Escrow Bank agree as follows:

SECTION 1. Deposit of Moneys.

(a) The Authority hereby deposits with the Escrow Bank \$_____ of proceeds of the Bonds plus \$_____ from the funds and accounts relating to the Refunded Bonds, to be held in irrevocable escrow by the Escrow Bank separate and apart from other funds of the Authority, the Escrow Bank, in a fund hereby created and established and to be known as the “Escrow Fund,” and to be applied solely as provided in this Agreement. Such moneys in the Escrow Fund, will be sufficient to pay the principal of and interest on the Refunded Bonds, as shown in the Escrow Fund Cash Flow set forth in Schedule C hereto. All securities, investments and moneys in the Escrow Fund are hereby irrevocably pledged, subject to the provisions of Section 2 hereof, to secure the payment of the Refunded Bonds. The Escrow Bank shall purchase Investment Securities as described in Schedule B at a cost of \$_____ and shall retain \$_____ uninvested in cash.

(b) The Escrow Bank hereby acknowledges receipt of the written opinion of _____, independent certified public accountants, dated February __, 2018 relating to the redemption of the Refunded Bonds (the “Verification Report”).

SECTION 2. Use and Investment of Moneys.

(a) The Authority and the Escrow Bank each shall take all remaining action, if any, necessary to have the Investment Securities issued and registered in the name of the Escrow Bank for the account of the Escrow Fund. Except as otherwise provided in this Section, the Escrow Bank shall not reinvest any cash portion of the Escrow Fund and shall hold such cash portion uninvested.

(b) Upon the written direction of the Authority, but subject to the conditions and limitations herein set forth, the Escrow Bank shall sell, transfer, request the redemption or otherwise dispose of some or all of the Investment Securities in the Escrow Fund and purchase with the proceeds derived from such sale, transfer, redemption or other disposition noncallable and non-prepayable obligations constituting direct obligations issued by the United States Treasury or obligations which are unconditionally guaranteed as to full and timely payment by the United States of America (the "Substitute Investment Securities"). Such sale, transfer, redemption or other disposition of Investment Securities and purchase of Substitute Investment Securities shall be effected by the Escrow Bank upon the written direction of the Authority, but only by a simultaneous transaction and only if (i) a nationally recognized firm of independent certified public accountants shall certify that (a) the Substitute Investment Securities, together with the Investment Securities which will continue to be held in the Escrow Fund, 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 and Substitute Investment Securities held in the Escrow Fund, together with any uninvested moneys therein, to make all payments required by Section 3 hereof which have not previously been made, and (b) the amount and date of the anticipated payment by the Escrow Bank of the principal and interest on the Refunded Bonds will not be diminished or postponed thereby, and (ii) the Escrow Bank shall receive an unqualified opinion of nationally recognized municipal bond attorneys addressed to the Escrow Bank and the Authority to the effect that the proposed sale, transfer, redemption or other disposition and substitution of Investment Securities will not adversely affect the exclusion of interest on the Bonds or the Refunded Bonds from gross income for federal income tax purposes.

(c) Upon the written direction of the Authority, but subject to the conditions and limitations herein set forth, the Escrow Bank will apply any moneys received from the maturing principal of or interest or other investment income on any Investment Securities and Substitute Investment Securities held in the Escrow Fund, or the proceeds from any sale, transfer, redemption or other disposition of Investment Securities pursuant to Section 2(b) not required for the purposes of said Section, as follows: 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 certified by a nationally recognized firm of independent certified public accountants, such moneys shall be transferred to the Authority upon the written direction of the Authority as received by the Escrow Bank, free and clear of any trust, lien, pledge or assignment securing the Refunded Bonds or otherwise existing hereunder or under the Prior Indenture.

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 Bank will furnish the Authority periodic cash transaction statements which shall include detail for all investment transactions made by the Escrow Bank hereunder.

SECTION 3. Refunding of the Refunded Bonds. The Authority hereby requests and irrevocably instructs the Escrow Bank, and the Escrow Bank hereby agrees, to collect and deposit in the Escrow Fund the principal of and interest on the Investment Securities and Substitute Investment Securities held for the account of the Escrow Fund promptly as such principal and interest become due, and to apply, 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 Escrow Fund, to the payment of the Refunded Bonds at the places and in the manner stipulated in the Refunded Bonds and in the Prior Indenture.

SECTION 4. Possible Deficiencies; Amounts in Excess of Required Cash Balance.

(a) If at any time the Escrow Bank has actual knowledge that the moneys in the Escrow Fund, including the anticipated proceeds of the Investment Securities and any Substitute Investment Securities, will not be sufficient to make all payments required by Section 3 hereof, the Escrow Bank shall notify the Authority in writing as soon as is reasonably practicable, of such fact, the amount of such deficiency and the reason therefor solely to the extent actually known to it; provided, however, the Authority shall have no liability for any deficiency and shall not be required to provide funds to eliminate any such deficiency.

(b) The Escrow Bank shall in no manner be responsible for any deficiency in the Escrow Fund.

SECTION 5. Performance of Duties. The Escrow Bank agrees to perform the duties set forth herein.

SECTION 6. Indemnity. The Authority hereby assumes liability for, and hereby agrees to indemnify, protect, save and keep harmless the Escrow Bank and its respective successors, assigns, directors, agents, employees and servants, from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including reasonable legal fees and disbursements) of whatsoever kind and nature which may be imposed on, incurred by, or asserted against, the Escrow Bank at any time (whether or not also indemnified against the same by the Authority or any other person under any other agreement or instrument, but without double indemnity) in any way relating to or arising out of the execution, delivery and performance of this Agreement, the establishment hereunder of the Escrow Fund, the acceptance of the funds deposited therein and any payment, transfer or other application of moneys by the Escrow Bank in accordance with the provisions of this Agreement; provided, however, that the Authority and the Authority shall not be required to indemnify the Escrow Bank against the Escrow Bank's own negligence or willful misconduct or the negligence or willful misconduct of the Escrow Bank's respective agents and employees or the breach by the Escrow Bank of the terms of this Agreement. In no event shall the Authority, the Authority or the Escrow Bank be liable to any person by reason of the transactions contemplated hereby other than to each other as set forth in this Section 6. The indemnities contained in this Section 6 shall survive the termination of this Agreement.

SECTION 7. Responsibilities of the Escrow Bank. The Escrow Bank and its respective successors, assigns, agents and servants shall not be held to any personal liability whatsoever, in tort, contract or otherwise, in connection with the execution and delivery of this Agreement, the establishment of the Escrow Fund, the acceptance of the moneys deposited therein, the sufficiency of the amounts in the Escrow Fund to accomplish the defeasance of the Refunded Bonds or any payment, transfer or other application of moneys or obligations by the Escrow Bank in accordance with the

provisions of this Agreement or by reason of any non-negligent act, non-negligent omission or non-negligent error of the Escrow Bank made in good faith in the conduct of its duties. The recitals of fact contained in the “Whereas” clauses herein shall be taken as the statements of the Authority and the Escrow Bank assumes no responsibility for the correctness thereof. The Escrow Bank makes no representation as to the sufficiency of the amounts in the Escrow Fund to accomplish the defeasance of the Refunded Bonds or to the validity of this Agreement as to the Authority and, except as otherwise provided herein, the Escrow Bank shall incur no liability with respect thereto. The Escrow Bank shall not be liable in connection with the performance of its duties under this Agreement except for its own negligence, willful misconduct or default, and the duties and obligations of the Escrow Bank shall be determined by the express provisions of this Agreement. The Escrow Bank may consult with counsel, who may or may not be counsel to the Authority, and in reliance upon the written opinion of such counsel shall have full and complete authorization and protection with respect to any action taken, suffered or omitted by it in good faith in accordance therewith. Whenever the Escrow Bank shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering, or omitting any action under this Agreement, such matter may be deemed to be conclusively established by a certificate signed by an authorized officer of the Authority.

The liability of the Escrow Bank to make the payments required by this Agreement shall be limited to the moneys in the Escrow Fund.

No provision of this Agreement shall require the Escrow Bank to expend or risk its own funds or otherwise incur any financial liability in the performance or exercise of any of its duties hereunder, or in the exercise of its rights or powers.

The Escrow Bank shall not be liable for the accuracy of any calculations provided herein.

Any company into which the Escrow Bank 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 Bank may sell or transfer all or substantially all of its corporate trust business shall be the successor to the Escrow Bank without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding.

The Authority shall pay the Escrow Bank full compensation for its duties under this Agreement, including out-of-pocket costs such as publication costs, redemption expenses, legal fees and other costs and expenses relating hereto. Under no circumstances shall amounts deposited in the Escrow Fund be deemed to be available for said purposes.

SECTION 8. Defeasance of Refunded Bonds. The Escrow Bank hereby certifies that it has provided the conditional notice of redemption pursuant to Section 2.2(c) of the Prior Indenture and acknowledges that upon the funding of the Escrow Fund as provided in this Agreement and the receipt of the Verification Report described in Section 1(b) of this Agreement, it is in receipt of the items constituting all of the conditions precedent to the defeasance of the Refunded Bonds under the Prior Indenture.

SECTION 9. Amendments. This Agreement is made for the benefit of the Authority and the holders from time to time of the Refunded Bonds and it shall not be repealed, revoked, altered or amended without the written consent of all such holders, the Escrow Bank and the Authority; provided, however, but only after the receipt by the Escrow Bank of an opinion of nationally recognized bond counsel that the exclusion from gross income of interest evidenced and represented by the Refunded

Bonds and the Bonds will not be adversely affected for federal income tax purposes, the Authority and the Escrow Bank may, without the consent of, or notice to, such holders, amend this Agreement or enter into such agreements supplemental to this Agreement as shall not adversely affect the rights of such holders and as shall not be inconsistent with the terms and provisions of this Agreement for any one or more of the following purposes: (i) to cure any ambiguity or formal defect or omission in this Agreement; (ii) to grant to, or confer upon, the Escrow Bank for the benefit of the holders of the Refunded Bonds any additional rights, remedies, powers or authority that may lawfully be granted to, or conferred upon, such holders or the Escrow Bank; and (iii) to include under this Agreement additional funds, securities or properties. The Escrow Bank shall be entitled to rely conclusively upon an unqualified opinion of nationally recognized bond counsel with respect to compliance with this Section 9, including the extent, if any, to which any change, modification, addition or elimination affects the rights of the holders of the Refunded Bonds or that any instrument executed hereunder complies with the conditions and provisions of this Section 9.

SECTION 10. Term. This Agreement shall commence upon its execution and delivery and shall terminate on the later to occur of either (i) the date upon which the Refunded Bonds have been paid in accordance with this Agreement, or (ii) the date upon which no unclaimed moneys remain on deposit with the Escrow Bank and all amounts owed to the Escrow Bank shall have been paid in full.

SECTION 11. Compensation. The Escrow Bank shall receive its reasonable fees and expenses as previously agreed to; provided, however, that under no circumstances shall the Escrow Bank be entitled to any lien nor will it assert a lien whatsoever on any moneys or obligations in the Escrow Fund for the payment of fees and expenses for services rendered by the Escrow Bank under this Agreement.

SECTION 12. Resignation or Removal of Escrow Bank.

(a) The Escrow Bank may resign by giving 30 days prior written notice in writing to the Authority. The Escrow Bank may be removed (1) by (i) filing with the Authority and the Escrow Bank of an instrument or instruments executed by the holders of at least 51% in aggregate principal amount of the Refunded Bonds then remaining unpaid, and (ii) the Authority delivering written notice to the Escrow Bank, or (2) by a court of competent jurisdiction for failure to act in accordance with the provisions of this Agreement upon application by the Authority or the holders of 5% in aggregate principal amount of the Refunded Bonds then remaining unpaid.

(b) No resignation or removal of the Escrow Bank shall become effective until a successor Escrow Bank has been appointed hereunder and until the cash, Investment Securities and any Substitute Investment Securities held under this Agreement are transferred to the new Escrow Bank. The Authority or the holders of a majority in principal amount of the Refunded Bonds then remaining unpaid may, by an instrument or instruments filed with the Authority, appoint a successor Escrow Bank who shall supersede any Escrow Bank theretofore appointed by the Authority. If no successor Escrow Bank is appointed by the Authority or the holders of such Refunded Bonds then remaining unpaid, within 45 days after notice of any such resignation or removal, the holder of any such Refunded Bonds or any retiring Escrow Bank may apply to a court of competent jurisdiction for the appointment of a successor Escrow Bank.

SECTION 13. Severability. If any one or more of the covenants or agreements provided in this Agreement on the part of the Authority or the Escrow Bank to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenants or agreements shall be null

Attachment J

and void and shall be deemed separate from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement.

SECTION 14. Counterparts. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

SECTION 15. Governing Law. This Agreement shall be construed under the laws of the State of California.

SECTION 16. Holidays. If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this Agreement, shall be a legal holiday or a day on which banking institutions in the city in which is located the principal office of the Escrow Bank are authorized by law to remain closed, such payment may be made or act performed or right exercised on the next succeeding day not a legal holiday or a day on which such banking institutions are authorized by law to remain closed, with the same force and effect as if done on the nominal date provided in this Agreement, and no interest shall accrue for the period from and after such nominal date.

SECTION 17. Assignment. This Agreement shall not be assigned by the Escrow Bank or any successor thereto without the prior written consent of the Authority, such consent not to be unreasonably withheld.

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers and attested as of the date and year first written above.

SOUTH ORANGE COUNTY PUBLIC FINANCING
AUTHORITY

By: _____
Authorized Officer

U.S. BANK NATIONAL ASSOCIATION, as Escrow
Bank

By: _____
Authorized Officer

SCHEDULE A

Refunded Bonds

<i>Maturity Date (August 15)</i>	<i>Principal Amount</i>	<i>Interest Rate Per Annum</i>	<i>CUSIP</i>
2018	\$2,900,000	5.000%	839100HE7
2019	3,170,000	4.250	839100HF4
2020	3,425,000	5.000	839100HG2
2021	3,720,000	5.000	839100HH0
2022	4,035,000	5.000	839100HJ6
2023	4,330,000	5.000	839100HK3
2024	4,640,000	5.000	839100HL1
2025	4,920,000	5.000	839100HP2
2026	5,210,000	4.625	839100HQ0
2027	5,480,000	5.000	839100HM9
2032	21,060,000	5.000	839100HN7

SCHEDULE B

Investment Securities

<i>Security</i>	<i>Maturity</i>	<i>Principal Amount</i>	<i>Interest Rate</i>
	02/24/2018		

SCHEDULE C

ESCROW FUND CASH FLOW

<i>Date</i>	<i>Receipts From Securities</i>	<i>Cash Disbursements From Escrow</i>	<i>Cash Balance</i>
Beginning Balance: 02/24/2017 TOTAL:			