

ESCROW AGREEMENT

**Relating to the advance crossover
refunding of the outstanding**

**\$11,998,678.35 aggregate denominational amount
Piedmont Unified School District
(Alameda County, California)
General Obligation Bonds
Election of 2006, Series E**

This ESCROW AGREEMENT (this "Agreement"), dated December 21, 2017, is between the PIEDMONT UNIFIED SCHOOL DISTRICT (the "District") and U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, as escrow bank (the "Escrow Bank").

B A C K G R O U N D :

WHEREAS, pursuant to a resolution adopted by the Board of Education of the District (the "Board") on June 12, 2013 (the "Prior Bond Resolution"), the District issued its Piedmont Unified School District (Alameda County, California) General Obligation Bonds Election of 2006, Series E, dated August 21, 2013, in the aggregate denominational amount of \$11,998,678.35 (the "Prior Bonds");

WHEREAS, Under the Prior Bond Resolution, the District has the right to redeem the Prior Bonds on August 1, 2023 (the "Crossover Date"), at a redemption price equal to 100% of the accreted value thereof in the case of Prior Bonds maturing on August 1 in the years 2027 through 2034, inclusive, and 2037 through 2043, inclusive, and a redemption price of 158.788% and 164.609%, respectively, of the principal amount to be redeemed, in the case of Prior Bonds maturing on August 1 in the years 2035 and 2036.

WHEREAS, the District has determined at this time to issue its Piedmont Unified School District (Alameda County, California) 2017B General Obligation Refunding Bonds, in the aggregate principal amount of \$_____ (the "Refunding Bonds") for the purpose of refunding the outstanding Prior Bonds on a cross-over basis, and thereby realizing financial savings to the property taxpayers in the District;

WHEREAS, the District wishes to appoint the Escrow Bank for the purpose of establishing an irrevocable escrow fund to be funded, invested, held and administered for the purpose of providing for the payment and redemption of the Prior Bonds in full in accordance with the Prior Bonds Resolution, as applicable; and

WHEREAS, amounts held in the escrow fund will be applied to (a) pay interest coming due on the Refunding Bonds to and including the Crossover Date, and (b) on the Crossover Date, pay the redemption prices of the Prior Bonds

A G R E E M E N T :

In consideration of the premises and the material covenants contained herein, the District and the Escrow Bank hereby agree as follows:

Section 1. Definition of Government Obligations. As used herein, the term "Government Obligations" means any of the following which are noncallable and which at the time of investment are legal investments under the laws of the State of California for the moneys proposed to be invested therein: (x) 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 obligations, the principal of and interest on which are unconditionally guaranteed by the United States of America; or (y) bonds, debentures or notes issued by any of the following: Banks for Cooperatives, Federal Intermediate Credit Banks, Federal Home Loan Bank System, Federal Land Banks or Federal Farm Credit Banks.

Section 2. Appointment of Escrow Bank; Establishment of Escrow Fund. The District hereby appoints the Escrow Agent to act as escrow agent for purposes of administering the funds required to pay the interest on the Refunding Bonds to and including the Crossover Date and to pay the Redemption Price of the Refunded Prior Bonds on the Crossover Date.

The Escrow Bank is hereby directed to establish a special fund to be named the "Escrow Fund" to be held by the Escrow Bank as an irrevocable escrow fund securing the payment of the Prior Bonds. On _____, 2017 (the "Closing Date"), the Escrow Bank shall deposit \$_____ in the Escrow Fund, representing the net proceeds of the Refunding Bonds.

If at any time the Escrow Bank receives actual knowledge that the moneys in the Escrow Fund will not be sufficient to make any payment required hereunder, the Escrow Bank shall notify the District and the District shall promptly cure such deficiency. The Escrow Bank shall not be liable for any such deficiency.

Section 3. Investment of Amounts in Escrow Fund. The Escrow Bank shall hold \$_____ on deposit in the Escrow Fund in the Government Obligations identified in Exhibit A hereto, and hold the remaining \$_____ in cash, uninvested. If the Escrow Bank learns that the Department of the Treasury or the Bureau of Fiscal Service will not, for any reason, accept a subscription of state and local government series securities ("SLGS") that is to be submitted pursuant to this Agreement, the Escrow Bank shall promptly request alternative written investment instructions from the District with respect to funds which were to be invested in SLGS. The Escrow Bank shall follow such instructions and, upon the maturity of any such alternative investment, the Escrow Bank shall hold such funds uninvested and without liability for interest until receipt of further written instructions from the District. In the absence of investment instructions from the District, the Escrow Bank shall not be responsible for the investment of such funds or interest thereon. The Escrow Bank may conclusively rely upon the District's selection of an alternative investment as a determination of the alternative investment's legality and suitability and shall not be liable for any losses related to the alternative investments or for compliance with any yield restriction applicable thereto.

Section 4. Application of Amounts in Escrow Fund.

(a) Interest on Refunding Bonds. The Escrow Agent shall transfer amounts in the Escrow Funds to the paying agent for the Refunding Bonds for the purpose of paying the interest coming due and payable on the Refunding Bonds on February 1, 2018, and on each

succeeding February 1 and August 1 to and including the Crossover Date, in accordance with the following schedule:

<u>Interest Payment Date</u>	<u>Interest Payment</u>
2/1/18	
8/1/18	
2/1/19	
8/1/19	
2/1/20	
8/1/20	
2/1/21	
8/1/21	
2/1/22	
8/1/22	
2/1/23	
8/1/23	
<hr/>	
TOTAL	

(b) Redemption Price of Prior Bonds. On the Crossover Date, the Escrow Agent shall apply amounts in the Escrow Fund to pay the Redemption Price of the Prior Bonds coming due and payable on the Crossover Date, in accordance with the following schedule:

<u>Payment Date</u>	<u>Accreted Value</u>
8/1/23	

Section 5. Irrevocable Election to Redeem Prior Bonds; Notices. The District hereby irrevocably elects to redeem the Refunded Prior Bonds in accordance with the provisions of the Series 2013B Bond Resolution, on August 1, 2023, at a Redemption Price equal to 100% of the accreted value of the Refunded Prior Bonds which constitute capital appreciation bonds.

The Escrow Bank, in its capacity as Prior Bonds Paying Agent, is instructed to give notice of redemption to the Refunded Bond Owners, in accordance with the Prior Bond Resolution, in the time and in the manner provided in the Prior Bond Resolution.

Section 6. Records. The Escrow Bank will keep books of record and account in which complete and correct entries shall be made of all transactions relating to the receipts, disbursements, allocations and application of the money held by the Escrow Bank hereunder, and such books shall be available for inspection at reasonable hours and under reasonable conditions with reasonable prior notice by the owners of the Prior Bonds and the Refunding Bonds.

Section 7. Proper Filings. The District will, at its expense, execute, acknowledge, deliver or file this Agreement and any assignments, transfers, financing statements, continuation statements, and assurances required to carry out the intention or facilitate the performance of the terms of this Agreement.

Section 8. Discharge. The covenants, liens and pledges entered into, created or imposed pursuant to this Agreement shall be fully discharged and satisfied when all of the Prior Bonds have been paid in full as to principal, premium and interest. Upon such discharge and satisfaction this Agreement shall cease, terminate and become null and void.

Section 9. Termination; Unclaimed Funds. Notwithstanding any other provision of this Agreement, any money held by the Escrow Agent, as paying agent for the Prior Bonds, for the payment of the principal of, premium and interest on the Prior Bonds and remaining unclaimed for 2 years after specified redemption date of all of the Prior Bonds shall then be repaid to the District upon its written request, and the registered owners of the Prior Bonds shall thereafter be entitled to look only to the District for the repayment thereof, and liability of the Escrow Bank with respect to such money shall thereupon cease. If any such money is repaid to the District as described in the prior sentence, the registered owners of the Prior Bonds secured hereby with respect to which such money was deposited shall thereafter be deemed to be unsecured creditors of the District, without interest.

Notwithstanding the foregoing, the Escrow Bank shall, upon the written request of the District, repay such money to the District at any time earlier than 2 years if failure to repay such money to the District, within such earlier period, will give rise to the operation of any escheat statute under applicable California law.

Any unclaimed funds repaid to the District shall be applied by the District as a credit against debt service on the Refunding Bonds.

Section 10. No Implied Duties; No Rights to Others. Nothing in this Agreement expressed or implied is intended or shall be construed to give any legal or equitable right, remedy or claim under or in respect to this Agreement, or any covenants, conditions or provisions contained in this Agreement, to any person other than the District, the Escrow Bank and the registered owners of the Prior Bonds. All covenants, conditions and provisions contained in this Agreement are and shall be held to be for the sole and exclusive benefit of the District, the Escrow Bank and the registered owners of the Prior Bonds. The Escrow Bank shall perform such duties and only such duties as are specifically set forth in this Agreement, and no implied covenants or obligations shall be read into this Agreement against the Escrow Bank.

Section 11. Immunities and Liabilities of Escrow Bank.

(A) The Escrow Bank shall not have any liability hereunder except to the extent of its own negligence or willful misconduct. The Escrow Bank is not required to resolve conflicting demands to money or property in its possession under this Agreement.

(B) The Escrow Bank 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 hereunder in accordance with such opinion of counsel.

(C) The Escrow Bank shall not be responsible for any of the recitals or representations contained herein.

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

(E) The Escrow Bank shall not be liable for the accuracy of any calculations provided as to the sufficiency of the moneys deposited with it to pay the principal, interest or premiums, if any, on the Refunded Bonds and shall not be liable for any insufficiency of such moneys and securities to affect such payment.

(F) The Escrow Bank shall not be liable for any action or omission of the District under this Agreement.

(G) Whenever in the administration of this Agreement the Escrow Bank may deem it necessary or desirable that a matter be proved or established before taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be specifically prescribed in this Agreement) may, in the absence of negligence or willful misconduct on the part of the Escrow Bank, be deemed to be conclusively proved and established by one or more certificates of an authorized official of the District, and such certificates shall, in the absence of negligence or willful misconduct on the part of the Escrow Bank, be full warrant to the Escrow Bank for any action taken or suffered by it under the provisions of this Agreement upon the faith thereof.

(H) The Escrow Bank may at any time resign by giving prior written notice to the District. The District shall promptly appoint a successor Escrow Bank. Resignation of the Escrow Bank will be effective only upon acceptance of appointment by a successor Escrow Bank. If the District does not appoint a successor Escrow Bank within 30 days of the Escrow Bank's delivery of its resignation notice, the Escrow Bank may petition any court of competent jurisdiction for the appointment of a successor Escrow Bank, and such court may appoint a successor Escrow Bank after such notice, if any, has been given as the court may deem proper and as may be required by law. After receiving a notice of resignation of an Escrow Bank, the District may appoint a temporary Escrow Bank to replace the resigning Escrow Bank until the District appoints a successor Escrow Bank. Any such temporary Escrow Bank so appointed shall immediately and without further act be superseded by the successor Escrow Bank so appointed.

(I) The District agrees to indemnify the Escrow Bank, its agents officers, directors and employees for, and to hold the Escrow Bank, its agents, officers, directors and employees harmless from and against, any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims, costs, expenses and disbursements of any kind or nature whatsoever (including, without limitation, reasonable fees and disbursements of counsel, including in-house counsel, for the Escrow Bank) which may be imposed on, incurred by, or asserted against the Escrow Bank at any time by reason of the performance of its duties as Escrow Bank hereunder, in any transaction arising out of this Agreement or any of the transactions contemplated herein or in the Refunding Bonds Fiscal Agent Agreement, unless due to the negligence

or willful misconduct of the Escrow Bank, its agents officers or employees. Such indemnity shall survive the termination of this Agreement or resignation or removal of the Escrow Bank.

(J) All notices, certificates or other communications to be delivered to the Escrow Bank shall be addressed to the Escrow Bank at:

U.S. Bank National Association
One California Street, 10th Floor
San Francisco, CA 94111
Attention: Global Corporate Trust Services
Reference: Piedmont Unified School District 2017B Refunding

(K) None of the provisions of this Agreement shall require the Escrow Bank to expend or risk its own funds or otherwise to incur any liability, financial or otherwise, in the performance of any of its duties hereunder. The Escrow Bank may conclusively rely and shall be fully protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, approval or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Escrow Bank may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, attorneys, custodians or nominees appointed with due care, and shall not be responsible for any willful misconduct or negligence on the part of any agent, attorney, custodian or nominee so appointed.

(L) Any bank, corporation or association into which the Escrow Bank may be merged or converted or with which it may be consolidated, or any bank, corporation or association resulting from any merger, conversion or consolidation to which the Escrow Bank shall be a party, or any bank, corporation or association succeeding to all or substantially all of the corporate trust business of the Escrow Bank shall be the successor of the Escrow Bank hereunder without the execution or filing of any paper with any party hereto or any further act on the part of any of the parties hereto except on the part of any of the parties hereto where an instrument of transfer or assignment is required by law to effect such succession, anything herein to the contrary notwithstanding.

(M) Anything in this Agreement to the contrary notwithstanding, in no event shall the Escrow Bank be liable for special, indirect, punitive or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Escrow Bank has been advised of the likelihood of such loss or damage and regardless of the form of action.

Section 12. Waiver of Notice. Whenever in this Agreement the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person entitled to receive such notice and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Section 13. Fees. The Escrow Bank's fees, expenses (including legal fees and expenses) and reimbursement for costs incurred for and in carrying out its duties under this Agreement have been fixed by separate agreement. The Escrow Bank shall also be entitled to additional fees, expenses and reimbursement for costs incurred in connection with any litigation

involving this Agreement and the performance of its duties and exercise of its powers hereunder, including but not limited to legal and accounting services. The fees incurred by the Escrow Bank shall in no event be deducted from the Escrow Fund.

Section 14. Severability. If any one or more of the provisions contained in this Agreement is for any reason held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Agreement, but this Agreement shall be construed as if such invalid or illegal or unenforceable provisions has never been contained herein.

Section 15. Counterparts. This Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and such counterparts, or as many of them as the District and the Escrow Bank preserve undestroyed, shall together constitute but one and the same instrument.

Section 16. Business Days. Whenever any act is required by this Agreement to be done on a specified day or date, and such day or date falls on a day other than a business day, then such act may be done on the next succeeding business day.

Section 17. California Law. This Agreement shall be governed exclusively by and interpreted in accordance with, the laws of the State of California.

IN WITNESS WHEREOF, the District and the Escrow Bank have each caused this Agreement to be executed by the duly authorized officers thereof as of the date first above written.

PIEDMONT UNIFIED SCHOOL DISTRICT

By: _____
Superintendent
Piedmont Unified School District

U.S. BANK NATIONAL ASSOCIATION,
as Escrow Bank

By _____
Authorized Officer

EXHIBIT A
DESCRIPTION OF GOVERNMENT SECURITIES

<u>Type</u>	<u>Principal Amount</u>	<u>Maturity Date</u>	<u>Coupon</u>	<u>Price</u>
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