

ESCROW DEPOSIT AND TRUST AGREEMENT

THIS ESCROW DEPOSIT AND TRUST AGREEMENT (the "Agreement") is dated as of [_____] 1, 2018 in connection with the issuance of the City of Santa Rosa Wastewater Revenue Refunding Bonds, Series 2018A (the "Refunding Bonds") and is entered into by and between the CITY OF SANTA ROSA (herein the "City"), a charter city and municipal corporation, duly organized and existing under and by virtue of the Constitution and laws of the State of California, and U.S. BANK NATIONAL ASSOCIATION, as Escrow Agent (the "Escrow Agent"), a national banking association having a corporate trust office in California.

WITNESSETH:

WHEREAS, the City previously authorized, issued and sold multiple series of its wastewater revenue bonds pursuant to an Indenture of Trust dated as of February 1, 1988 (the "Master Indenture"), by and between the City and U.S. Bank National Association (the "Trustee"), as successor trustee, and multiple supplements to the Master Indenture (the Master Indenture and such supplements being collectively referred to herein as the "Indenture"), including the following:

(i) City of Santa Rosa Wastewater Revenue Bonds, Series 2007A, issued pursuant to the Master Indenture and the Fifteenth Supplemental Indenture, dated as of June 1, 2007 (the "Fifteenth Supplemental Indenture"), in the original principal amount of \$67,010,000 (the "Series 2007A Bonds"); and

(ii) City of Santa Rosa Wastewater Revenue Refunding Bonds, Series 2016A, issued pursuant to the Master Indenture and the Nineteenth Supplemental Indenture, dated as of August 1, 2016, in the original principal amount of \$95,805,000 (the "Series 2016A Bonds"), the proceeds of which Series 2016A Bonds were used, in part, to defease, pay and redeem the portion of the Series 2007A Bonds that could be refunded with tax-exempt bonds on an advance basis; and

WHEREAS, pursuant to a Twentieth Supplemental Indenture, dated as of [_____] 1, 2018 (the "Twentieth Supplemental Indenture"), the City has determined to issue the Refunding Bonds for the purpose of providing funds to defease and redeem the remaining Outstanding Series 2007A Bonds (the "Refunded Bonds"); and

WHEREAS, the City wishes to enter into this Agreement to provide for the proceeds of sale of the Refunding Bonds, [together with other funds held with respect to the Refunded Bonds], to be deposited in an irrevocable special escrow fund created and maintained with the Escrow Agent for the purpose of providing for the payment in full of the principal, interest and redemption premium, if any, on the outstanding Refunded Bonds; and

WHEREAS, the Escrow Agent has full powers to act with respect to said escrow fund and to perform the duties and obligations to be undertaken pursuant to this Agreement.

NOW, THEREFORE, in consideration of the foregoing and of the mutual promises hereinafter set forth and for other valuable consideration, the City and the Escrow Agent agree as follows:

Section 1. Establishment of 2007A Escrow Fund; Deposit of Funds.

(a) The City hereby appoints the Escrow Agent to act as escrow agent for purposes of administering the funds required to defease and redeem the Refunded Bonds in accordance with the Indenture. A special fund to be named the "2007A Escrow Fund" is hereby established by the City with the Escrow Agent as an irrevocable escrow to be maintained by the Escrow Agent in trust.

(b) The Escrow Agent shall deposit in the 2007A Escrow Fund on the date of issuance of the Refunding Bonds, certain proceeds of the Refunding Bonds (in the amount of \$[____]) transferred to it by U.S. Bank National Association, as trustee of the Refunding Bonds (in such capacity, the "Refunding Bonds Trustee").

[Placeholder: Contribution of amounts on deposit in 2007A accounts?]

If at any time the Escrow Agent shall receive actual knowledge that the moneys in the 2007A Escrow Fund will not be sufficient to make any payment required hereunder, the Escrow Agent shall notify the City to such fact and the City shall promptly cure such deficiency. The Escrow Agent shall not be liable for any such deficiency.

[Section 2. Investment of Amounts in 2007A Escrow Fund. On the Closing Date, the Escrow Agent shall invest \$[_____] of the amounts deposited in the 2007A Escrow Fund in the federal securities listed on Exhibit A; the federal securities listed on Exhibit A are non-callable "Federal Securities" as defined in the Indenture. The Escrow Agent shall hold the remaining \$[____] in the 2007A Escrow Fund in cash, uninvested.]

If the Escrow Agent 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 Agent shall promptly request alternative written investment instructions from the City with respect to funds which were to be invested in SLGS. The City shall promptly deliver such instructions, which shall direct investment in non-callable Federal Securities that comply with the requirements of Section 9.03(c) of the Indenture, along with a verification report. The Escrow Agent shall follow such instructions and, upon the maturity of any such alternative investment, the Escrow Agent shall hold such funds uninvested and without liability for interest until receipt of further written instructions from the City. In the absence of investment instructions from the City, the Escrow Agent shall not be responsible for the investment of such funds or interest thereon. The Escrow Agent may conclusively rely upon the City'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 3. Application of Amounts in 2007A Escrow Fund. The Escrow Agent is hereby instructed to withdraw from the 2007A Escrow Fund and transfer to the Trustee an amount required to pay the principal of and interest and redemption premium on the Refunded Bonds, in accordance with the schedule attached as Exhibit B hereto. Upon payment of all the required amounts set forth on Exhibit B, the Escrow Agent shall transfer any remaining funds to the Refunding Bonds Trustee for deposit into the Debt Service Fund under the Indenture for payment of interest on the Refunding Bonds.

Section 4. Notice of Redemption; Notice of Defeasance. In the manner required by the Indenture, the Trustee shall mail pursuant to the Indenture a notice of redemption to the owners of the Refunded Bonds, and any other recipient required to receive such notice under the Indenture, substantially in the form attached hereto as Exhibit C. The Escrow Agent is hereby instructed to file on the Closing Date the notice attached hereto as Exhibit D on the Municipal Securities Rulemaking Board's EMMA System.

Section 5. Records. The Escrow Agent 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 accruing to the Escrow Agent 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 Refunded Bonds and the Refunding Bonds.

Section 6. Proper Filings. The City will, at its expense, execute, acknowledge, deliver or file this Agreement and assignments, transfers, financing statements, continuation statements, and assurances required for the better assuring, conveying, pledging, assigning and confirming unto the Escrow Agent, the moneys hereby pledged, or intended so to be or which the City may be or may hereafter become bound to pledge, convey or assign to the Escrow Agent or for carrying out the intention or facilitating the performance of the terms of this Agreement.

Section 7. 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 Refunded Bonds shall 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, and thereupon the Escrow Agent shall, upon the written request of the City, forthwith execute proper instruments acknowledging satisfaction and discharge of this Agreement.

Section 8. Termination; Unclaimed Funds. Notwithstanding any other provision of this Agreement any money held by the Escrow Agent for the payment of the principal of, premium and interest on the Refunded Bonds and remaining unclaimed for two (2) years after the principal of all of the Refunded Bonds shall have been called for redemption and after the date of redemption shall then be repaid to the City upon its written request, and the registered owners of the Refunded Bonds shall thereafter be entitled to look only to the City for the repayment thereof, any liability of the Escrow Agent with respect to such money shall thereupon cease. In the event of the repayment of any such money to the City as aforesaid, the registered owners of the Refunded Bonds secured hereby with respect to which such money was deposited shall thereafter be deemed to be unsecured creditors of the City, without interest. Notwithstanding the foregoing the Escrow Agent shall, upon the written request of the City repay such money to the City at any time earlier than two (2) years, if failure to repay such money to the City, within such earlier period shall give rise to the operation of any escheat statute under applicable State law. Any unclaimed funds repaid to the City shall be placed by the City in the Debt Service Fund for the Refunding Bonds and used to pay debt service on the Refunding Bonds.

Section 9. No Implied Duties; No Rights to Others. Nothing in this Agreement expressed or implied is intended or shall be construed to give to any person other than the City, the Escrow Agent, the Trustee and the registered owners of the Refunded Bonds, any legal or equitable right, remedy or claim under or in respect to this Agreement or any covenants, conditions or provisions therein or herein contained; and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the City, the Escrow Agent and the owners of the Refunded Bonds. The Escrow Agent 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 Agent.

Section 10. Immunities and Liabilities of Escrow Agent.

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

(B) The Escrow Agent may consult with counsel of its own choice (which may be counsel to the City) 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 Agent shall not be responsible for any of the recitals or representations contained herein or in the Indenture.

(D) The Escrow Agent may become the owner of, or acquire any interest in, any of the Refunded 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 City.

(E) The Escrow Agent 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 Agent shall not be liable for any action or omission of the City under this Agreement or the Indenture.

(G) Whenever in the administration of this Agreement the Escrow Agent shall 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 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 an authorized official of the City, 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 this Agreement upon the faith thereof.

(H) The Escrow Agent may at any time resign by giving written notice to the City to such resignation. The City shall promptly appoint a successor Escrow Agent by the resignation date. Resignation of the Escrow Agent will be effective only upon acceptance of appointment by a successor Escrow Agent. If the City does not appoint a successor, 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 any, as it may deem proper and prescribe and as may be required by law, appoint a successor Escrow Agent. After receiving a notice of resignation of an Escrow Agent, the City may appoint a temporary Escrow Agent to replace the resigning Escrow Agent until the City appoints a successor Escrow Agent. Any such temporary Escrow Agent so appointed by the City, shall immediately and without further act be superseded by the successor Escrow Agent so appointed.

(I) The City agrees to indemnify the Escrow Agent, its agents and its officers or employees for and to hold the Escrow Agent, its agents, officers or 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 Agent) which may be imposed on, incurred by, or asserted against the Escrow Agent at any time by reason of the performance of its duties as Escrow Agent hereunder, in any transaction arising out of this Agreement, unless due to the Escrow Agent's or its officers' or employees' or agents' negligence or willful misconduct. Such indemnity shall survive the termination of this Agreement or resignation or removal of the Escrow Agent.

(J) All notices, certificates or other communications hereunder with the Escrow Agent shall be addressed to the Escrow Agent at:

U.S. Bank National Association
One California Street, Suite 1000
San Francisco, CA 94111
Attention: Global Corporate Trust Services
Reference: City of Santa Rosa 2007A Escrow Fund

Section 11. Waiver of Notice. Whenever in this Agreement the giving of notice by mail or otherwise shall be 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 12. Fees. The Escrow Agent's fees, expenses and reimbursement for costs incurred, for and in carrying out the provisions of this Agreement have been fixed by separate agreement. The Escrow Agent shall also be entitled to additional fees, expenses and reimbursement for costs incurred in connection with the performance of its duties and exercise of its powers hereunder, including but not limited to legal and accounting services, in connection with any litigation which may at any time be instituted involving this Agreement. The fees incurred by the Escrow Agent shall in no event be deducted from the 2007A Escrow Fund.

Section 13. Severability. In case any one or more of the provisions contained in this Agreement shall for any reason be 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 14. 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 City and the Escrow Agent shall preserve undestroyed, shall together constitute but one and the same instrument.

Section 15. Business Days. Whenever any act is required by this Agreement to be done on a specified day or date, and such day or date shall be a day other than a business day, then such act may be done on the next succeeding business day.

Section 16. 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 City and the Escrow Agent have each caused this Agreement to be executed by the duly authorized officers thereof as of the date first above written.

CITY OF SANTA ROSA

By: _____
City Manager

U.S. BANK NATIONAL ASSOCIATION,
as Escrow Agent and as trustee for the Prior Bonds

By: _____
Authorized Officer

EXHIBIT A

ESCROW SECURITIES

2007A Escrow Fund

Type of Security	Purchase Date	Maturity Date	First Int Pmt Date	Par Amount	Rate
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EXHIBIT B

PAYMENT AND REDEMPTION SCHEDULE OF PRIOR OBLIGATIONS

2007A Bonds

Payment <u>Date</u>	<u>Interest</u>	<u>Principal</u>	<u>Principal Redeemed</u>	<u>Total Payment</u>
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EXHIBIT C

FORM OF NOTICE OF FULL OPTIONAL REDEMPTION

**Notice of Redemption
City of Santa Rosa
Wastewater Revenue Bonds, Series 2007A**

Maturity Date	Original Principal Amount	Interest Rate	Principal Amount to be Refunded	*CUSIP # for Redeemed Bonds
9/1/18	\$5,220,000	5.000%		802649 SB0
9/1/19	3,450,000	5.000		802649 SC8
9/1/20	500,000	4.250		802649 SM6
9/1/20	3,120,000	5.000		802649 SD6
9/1/21	3,800,000	5.000		802649 SE4
9/1/22	3,995,000	5.000		802649 SF1
9/1/23	765,000	4.250		802649 SG9
9/1/24	795,000	4.375		802649 SH7
9/1/25	825,000	4.375		802649 SJ3
9/1/26	860,000	4.375		802649 SK0
9/1/37	5,585,000	4.500		802649 SL8

NOTICE IS HEREBY GIVEN, that the City of Santa Rosa ("City") has called for redemption on [_____ 1, 2018] (the "Redemption Date") the portion of its Wastewater Revenue Bonds, Series 2007A maturing on and after September 1, 2018 specified above (the "Refunded Bonds") at a redemption price equal to the outstanding principal amount of the Refunded Bonds, together with the accrued interest to the Redemption Date, without premium (the "Redemption Price"). The Refunded Bonds are being called for redemption on the Redemption Date pursuant to the provisions of the Indenture of Trust under which the Refunded Bonds were issued (the "Indenture").

Pursuant to the Indenture, payment of the Redemption Price on the Refunded Bonds called for redemption will be paid upon presentation of the Bonds. Surrender thereof can be made in the following manner:

Delivery Instructions:

U.S. Bank
Global Corporate Trust Services
111 Fillmore Ave E
St. Paul, MN 55107

1-800-934-6802

Owners of the Refunded Bonds presenting their bonds in person for same day payment **must** surrender their bond(s) by 1:00 P.M. CST on the Redemption Date and a check will be available for pick up after 2:00 P.M. CST. Checks not picked up by 4:30 P.M. will be mailed out to the bondholder via first class mail. If payment of the Redemption Price is to be made to the registered owner of the Refunded Bond, you are not required to endorse the Refunded Bond to collect the Redemption Price.

Interest on the principal amount designated to be redeemed shall cease to accrue on and after the Redemption Date.

REQUIREMENT INFORMATION

For a list of redemption requirements please visit our website at www.usbank.com/corporatetrust and click on the “**Bondholder Information**” link

IMPORTANT NOTICE

Under the Job and Growth Tax Relief Reconciliation Act of 2003 (the “Act”), 28% will be withheld if tax identification number is not properly certified.

**The Undersigned shall not be held responsible for the selection or use of the CUSIP number, nor is any representation made as to their correctness indicated in the Redemption Notice. It is included solely for convenience of the Holders.*

By U. S. Bank National Association, as Trustee

Date: _____, 2018

EXHIBIT D

FORM OF NOTICE OF DEFEASANCE

**City of Santa Rosa
Wastewater Revenue Bonds, Series 2007A**

NOTICE IS HEREBY GIVEN that all of the outstanding captioned bonds (the "Refunded 2007A Bonds") have been defeased and discharged under and within the meaning of the Indenture of Trust and Fifteenth Supplemental Indenture authorizing the issuance of the Refunded 2007A Bonds. The Refunded 2007A Bonds consist of the following:

Maturity Date	Original Principal Amount	Interest Rate	Original *CUSIP #	Principal Amount Defeased	*CUSIP # for Defeased Bonds
9/1/18	\$5,220,000	5.000%	802649NM1		802649 SB0
9/1/19	3,450,000	5.000	802649NN9		802649 SC8
9/1/20	500,000	4.250	802649NX7		802649 SM6
9/1/20	3,120,000	5.000	802649NP4		802649 SD6
9/1/21	3,800,000	5.000	802649NQ2		802649 SE4
9/1/22	3,995,000	5.000	802649NR0		802649 SF1
9/1/23	765,000	4.250	802649NS8		802649 SG9
9/1/24	795,000	4.375	802649NT6		802649 SH7
9/1/25	825,000	4.375	802649NU3		802649 SJ3
9/1/26	860,000	4.375	802649NV1		802649 SK0
9/1/37	5,585,000	4.500	802649NW9		802649 SL8

Payment of the redemption price of the Refunded 2007A Bonds on [_____], 2018, have been deposited with U.S. Bank National Association, as escrow bank, and the sufficiency of the funds and investments for this purpose has been verified by [Precision Analytics Inc./Samuel Klein and Company], certified public accountants.

The City has irrevocably elected to redeem on [_____], 2018, the Refunded 2007A Bonds at a redemption price equal to the par amount thereof, plus accrued interest thereon to the redemption date, without premium.

Dated: [_____], 2018

U.S. BANK NATIONAL ASSOCIATION,
as Escrow Bank