

MARKED TO SHOW CHANGES.

ESCROW AGREEMENT

by and between the

PLUMAS LAKE ELEMENTARY SCHOOL DISTRICT

and

**WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Escrow Bank**

dated as of December 1, 2014

**relating to:
Plumas Elementary School District
Community Facilities District No. 2
Special Tax Bonds, Series 2007**

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EXHIBIT A: SCHEDULE OF PAYMENTS ON PRIOR BONDS

ESCROW AGREEMENT

This ESCROW AGREEMENT (this "Agreement"), dated as of December 1, 2014, is by and between the PLUMAS LAKE ELEMENTARY SCHOOL DISTRICT, a school district ~~duly established and validly existing as a political subdivision~~ of the State of California (the "School District"), for and on behalf of the PLUMAS LAKE ELEMENTARY SCHOOL DISTRICT COMMUNITY FACILITIES DISTRICT NO. 2 (the "CFD"), and WELLS FARGO BANK, NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, acting as Fiscal Agent for the Prior Bonds hereinafter referred to and acting as escrow bank hereunder (the "Escrow Bank").

RECITALS:

WHEREAS, the Board of Trustees of the School District has conducted proceedings under and pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, to form the CFD, to authorize the levy of special taxes upon the land within the CFD, and to issue bonds secured by said special taxes to finance certain facilities; and

WHEREAS, pursuant to a Fiscal Agent Agreement, dated as of October 1, 2005 (the "Prior Fiscal Agent Agreement"), between the School District and Wells Fargo Bank, National Association, as fiscal agent (the "Fiscal Agent"), the School District has issued its Plumas Elementary School District Community Facilities District No. 2 Special Tax Bonds, Series 2007 (the "Prior Bonds"); and

WHEREAS, the School District has determined to issue, for and on behalf of the CFD, pursuant to a Fiscal Agent Agreement, dated as of December 1, 2014 (the "2014 Agreement"), between the School District and U.S. Bank National Association, as fiscal agent, special tax refunding bonds in the aggregate principal amount of \$1,187,129.52 (the "Refunding Bonds") at this time for the purposes of providing funds to currently refund and defease the Prior Bonds; and

WHEREAS, the School District and the Escrow Bank wish to enter into this Agreement for the purpose of providing the terms and conditions relating to the deposit and application of moneys to provide for the payment and redemption of the Prior Bonds in full, pursuant to and in accordance with the provisions of Section 6.2 of the Prior Fiscal Agent Agreement.

AGREEMENT:

NOW, THEREFORE, in consideration of the above premises and of the mutual promises and covenants herein contained and for other valuable consideration the receipt and sufficiency of which are hereby acknowledged, the parties hereto do hereby agree as follows:

Section 1. Establishment of Refunding Fund. There is hereby created an escrow fund (the "Refunding Fund") to be held in trust by the Escrow Bank as an irrevocable escrow securing the payment of the Prior Bonds, as hereinafter set forth. The Escrow Bank shall administer the Refunding Fund as provided in this Agreement. All cash in the Refunding Fund are hereby irrevocably pledged as a special fund for the payment of the principal of and interest and premium, on the Prior Bonds in accordance with the provisions of this Agreement and the Prior Fiscal Agent Agreement. If at any time the Escrow Bank shall receive actual knowledge that the cash in the Refunding Fund will not be sufficient to make any payment required by Section 3 hereof, the Escrow Bank shall notify the School District of such fact and the School District shall immediately cure such deficiency from any source of funds legally available to the CFD. The

Escrow Bank shall have no obligation whatsoever to use its own funds to cure any such deficiency.

Section 2. Deposit into Refunding Fund; No Investment of Amounts. Concurrent with delivery of the Refunding Bonds, the School District shall cause to be transferred to the Escrow Bank for deposit into the Refunding Fund the amount of \$1,174,140.63 in immediately available funds, which shall be derived from (a) proceeds of sale of the Refunding Bonds in the amount of \$1,082,765.63, and (b) the moneys on deposit in the reserve fund established under the Prior Fiscal Agent Agreement (the "Reserve Fund") in the amount of \$91,375.00. The Escrow Bank, in its capacity as Fiscal Agent for the Prior Bonds, is hereby directed by the School District to make a transfer of funds from the Reserve Fund under the Prior Fiscal Agent Agreement to the Refunding Fund as described in clause (b) of the preceding sentence.

The moneys deposited into the Refunding Fund pursuant to the preceding paragraph shall be held by the Escrow Bank in cash, uninvested. The funds deposited with and held by the Escrow Bank in the Refunding Fund shall be used by the Escrow Bank solely for the uses and purposes set forth herein. The Escrow Bank shall have no lien upon or right of set off against the funds at any time on deposit in the Refunding Fund.

Section 3. Instructions as to Application of Refunding Fund. The total amount held in the Refunding Fund hereunder shall be applied by the Escrow Bank for the sole purpose of paying the principal of and interest, and premium on the Prior Bonds in accordance with Section 3.2(B) of the Prior Fiscal Agent Agreement and the schedule set forth in Exhibit A hereto. Following payment in full of the principal of and interest, and premium on the Prior Bonds, all amounts on deposit in the Refunding Fund shall be transferred by the Escrow Bank on December 3, 2014 to Fiscal Agent (as defined in the 2014 Agreement), for deposit by such Fiscal Agent in the Special Tax Fund established pursuant to Section 4.05 of the 2014 Agreement.

The Escrow Bank, in its capacity as Fiscal Agent under the Prior Fiscal Agent Agreement, is hereby directed to apply the amounts in the Refunding Fund to the payment and redemption of the Prior Bonds pursuant to the preceding paragraph.

Section 4. Application of Proceeds from Prior Bond Funds. Upon receipt by the Escrow Bank from the Fiscal Agent for the Prior Bonds and the School District, as applicable, of certain amounts on deposit in the funds and accounts established under the Prior Fiscal Agent Agreement as of the date of delivery of the Refunding Bonds, such amount received shall be applied by the Escrow Bank as follows: of amounts on deposit in the Reserve Fund established under the Prior Fiscal Agent Agreement, \$91,375.00 transferred by the Fiscal Agent for the Prior Bonds to the Escrow Bank shall be deposited by the Escrow Bank in the Refunding Fund.

After making the foregoing deposit and transfer, any other amounts remaining on deposit in or accruing to any funds and accounts established under the Prior Fiscal Agent Agreement shall be disposed of as provided in the 2014 Agreement.

Section 5. Application of Certain Terms of Prior Fiscal Agent Agreement. All of the terms of the Prior Fiscal Agent Agreement relating to the making of payments of the principal of and interest on the Prior Bonds are incorporated in this Agreement as if set forth in full herein.

Section 6. Proceedings for Redemption of Prior Bonds. The School District hereby irrevocably elects to redeem all of the outstanding Prior Bonds in full on December 3, 2014 pursuant to the provisions of Section 3.2(B) of the Prior Fiscal Agent Agreement. It is acknowledged that the Escrow Bank has provided notice of redemption on _____, 2014 |

(on behalf of and at the written direction and expense of the School District, delivered to the Escrow Bank on _____, 2014) required under Section 5.4 of the Prior Fiscal Agent Agreement as necessary to comply with Section 9.03(B) of the Prior Fiscal Agent Agreement and to so redeem the Prior Bonds on December 3, 2014.

Section 7. Compensation to Escrow Bank. The School District shall pay the Escrow Bank, promptly upon written request, full compensation for its duties under this Agreement, including out-of-pocket costs such as publication costs, redemption expenses, legal fees (including fees of outside counsel and the allocated costs of internal attorneys) and other costs and expenses relating hereto. Under no circumstances shall amounts deposited in or credited to the Refunding Fund be deemed to be available for said purposes. The obligation of the School District under this Section 7 to pay compensation already earned by the Escrow Bank and to pay costs and expenses already incurred shall survive termination of this Agreement and shall survive the resignation or removal of the Escrow Bank.

Section 8. Liabilities and Obligations of Escrow Bank. The Escrow Bank shall have no obligation to make any payment or disbursement of any type or incur any financial liability in the performance of its duties under this Agreement unless the School District shall have deposited sufficient funds therefor with the Escrow Bank. The Escrow Bank may rely and shall be fully protected in acting upon the written instructions of the School District or its agents relating to any matter or action as Escrow Bank under this Agreement.

The School District covenants to indemnify, defend and hold harmless the Escrow Bank and its officers, employees, directors and agents, solely from funds of the CFD, against any loss, liability or expense, including legal fees (including the fees of outside counsel and internal attorneys), incurred in connection with the performance of any of the duties of Escrow Bank hereunder, except the Escrow Bank shall not be indemnified against any loss, liability or expense resulting from its negligence or willful misconduct. The indemnity provided in this Section 8 shall survive the termination of this Agreement and shall survive the resignation or removal of the Escrow Bank.

The Escrow Bank shall have such duties as are expressly set forth herein and no implied duties shall be read into this Agreement against the Escrow Bank. The Escrow Bank shall not be liable for any act or omission of the School District under this Agreement or the Prior Fiscal Agent Agreement.

The Escrow Bank shall not be liable for the accuracy of any calculations provided as to the sufficiency of moneys deposited with it to pay the principal of and interest and premium on the Prior Bonds.

Any bank, federal savings association, national association or trust company into which the Escrow Bank may be merged or with which it may be consolidated shall become the Escrow Bank without any action of the School District.

The Escrow Bank shall have no liability or obligation to the holders of the Prior Bonds or the Refunding Bonds with respect to the payment of debt service by the School District or with respect to the observance or performance by the School District of the other conditions, covenants and terms contained in the Prior Fiscal Agent Agreement or the 2014 Fiscal Agent Agreement (collectively, the "Bond Agreements"), or with respect to the investment of any moneys in any fund or account established, held or maintained by the School District pursuant to the Bond Agreements.

The Escrow Bank may conclusively rely, as to the trust of the statements and correctness of the opinions expressed therein, on any certificate or opinion furnished to it in accordance

with this Agreement or the Prior Fiscal Agent Agreement. The Escrow Bank may consult with counsel, whose opinion shall be full and complete authorization and protection to the Escrow Bank if it acts in accordance with such opinion.

The Escrow Bank shall not be liable for any error of judgment made in good faith by an authorized officer.

Nothing herein should be interpreted to require the Escrow Bank to expend, advance or risk its own funds or otherwise incur financial liability in the performance of any of its duties or the exercise of any of its rights hereunder, if it believes that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured.

Any 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 or any further act on the part of the any of the parties hereto.

The Escrow Bank shall not have any liability hereunder except to the extent of its own negligence or willful misconduct. In no event shall the Escrow Bank be liable for any special indirect or consequential damages.

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

The Escrow Bank may execute any of the trusts or powers under this Agreement or perform any duties under this Agreement either directly or by or through agents, attorneys, custodians or nominees, ~~and shall not be responsible for any willful misconduct or negligence on the part of any agent, attorney, custodian or nominee so appointed with due care.~~

The Escrow Bank agrees to accept and act upon instructions or directions pursuant to this Agreement sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods; provided, however, that, the Escrow Bank shall have received an incumbency certificate listing persons designated to give such instructions or directions and containing specimen signatures of such designated persons, which such incumbency certificate shall be amended and replaced whenever a person is to be added or deleted from the listing. If the School District elects to give the Escrow Bank e-mail or facsimile instructions (or instructions by a similar electronic method) and the Escrow Bank in its discretion elects to act upon such instructions, the Escrow Bank's reasonable understanding of such instructions shall be deemed controlling. The Escrow Bank shall not be liable for any losses, costs or expenses arising directly or indirectly from the Escrow Bank's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The School District agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Escrow Bank, including without limitation the risk of the Escrow Bank acting on unauthorized instructions, and the risk of interception and misuse by third parties.

Section 9. Resignation of Escrow Bank. The Escrow Bank may at any time resign by giving written notice to the School District, which notice shall indicate the date on which the resignation is to be effective (the "resignation date"). The School District shall promptly appoint a successor Escrow Bank by the resignation date. Resignation of the Escrow Bank will be effective only upon acceptance of appointment by a successor Escrow Bank. If the School District does not appoint a successor Escrow Bank by the resignation date, the Escrow Bank may, at the expense of the School District, petition any court of competent jurisdiction for the appointment of a successor Escrow Bank, 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 Bank.

Section 10. Amendment. This Agreement may be amended or modified by the parties hereto, but only if there shall have been filed with the School District and the Escrow Bank (a) a written opinion of Bond Counsel stating that such amendment will not materially adversely affect the interests of the owners of the Prior Bonds, and that such amendment will not cause interest on the Prior Bonds or the Refunding Bonds to become includable in the gross income of the owners thereof for federal income tax purposes, and (b) a certification of Bond Counsel or an independent certified public accountant that the funds on deposit in the Refunding Fund will be in an amount at all times at least sufficient to make the payments specified in Section 3 hereof.

Section 11. Unclaimed Moneys. Anything contained herein to the contrary notwithstanding, any moneys held by the Escrow Bank in trust for the payment and discharge of the principal of, and the interest and any premium on, the Prior Bonds which remains unclaimed for two (2) years after the date when the payment of such principal, interest and premium have become payable, if such moneys were held by the Escrow Bank at such date, shall be repaid by the Escrow Bank to the School District as its absolute property free from any trust, and the Escrow Bank shall thereupon be released and discharged with respect thereto and the owners of such Prior Bonds shall look only to the School District for the payment of the principal of, and interest and any premium on, such Prior Bonds. Any right of any Prior Bondowner to look to the School District for such payment shall survive only so long as required under applicable law.

Section 12. Execution in Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 13. Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California applicable to contracts made and performed in California.

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

PLUMAS LAKE ELEMENTARY SCHOOL
DISTRICT, for and on behalf of the
PLUMAS LAKE ELEMENTARY SCHOOL
DISTRICT COMMUNITY FACILITIES
DISTRICT NO. 2

By _____
[President,
Board of Trustees / Designated Officers]

WELLS FARGO BANK, NATIONAL
ASSOCIATION, as Escrow Bank

By _____
Authorized Signatory

16028.05:J12860

EXHIBIT A
SCHEDULE OF PAYMENTS ON PRIOR BONDS

<u>Payment Date</u>	<u>Interest</u>	<u>Called Principal</u>	<u>Premium</u>	<u>Total Due</u>
December 3, 2014	\$21,540.63	\$1,130,000.00	\$22,600.00	\$1,174,140.63