
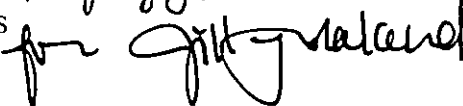


THE ATTACHED AGREEMENT HAS BEEN REVIEWED
AND APPROVED AS TO FORM BY THE CITY
ATTORNEY'S OFFICE AND WILL BE
FORMALLY SIGNED UPON APPROVAL BY
THE CITY COUNCIL


Glen R. Googins
City Attorney 

Dated: May 18, 2016

ESCROW AGREEMENT
BETWEEN
THE CITY OF CHULA VISTA AND
U.S. BANK NATIONAL ASSOCIATION
CITY OF CHULA VISTA
RELATING TO
2006 CERTIFICATES OF PARTICIPATION
(CIVIC CENTER PROJECT -- PHASE 2)

ESCROW AGREEMENT

by and among

CHULA VISTA PUBLIC FINANCING AUTHORITY

and the

CITY OF CHULA VISTA

and

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

Dated as of June 1, 2016

Relating to

**CITY OF CHULA VISTA
2006 CERTIFICATES OF PARTICIPATION
(CIVIC CENTER PROJECT -- PHASE 2)**

ESCROW AGREEMENT

THIS ESCROW AGREEMENT, dated as of June 1, 2016 (this "Agreement"), is by and among the Chula Vista Public Financing Authority, a public body, corporate and politic, duly organized and existing under the laws of the State of California (the "Authority"); the City of Chula Vista, a municipal corporation and chartered city duly organized and existing under and pursuant to the Constitution and laws of the State of California (the "City"), and U.S. Bank National Association, acting in its capacity as Trustee (as defined herein) and as escrow agent with respect to the Escrow Fund (as defined herein) (the "Escrow Bank") pursuant to this Agreement;

WITNESSETH:

WHEREAS, the City and the Authority have heretofore entered into that certain Lease/Purchase Agreement, dated as of September 1, 2004 (the "Original Lease Agreement"), as amended and supplemented by that certain First Amendment to Lease/Purchase Agreement, dated as of March 1, 2006 (the "First Amendment to Lease Agreement"), by that certain Second Amendment to Lease/Purchase Agreement, dated as of September 1, 2015 (the "Second Amendment to Lease Agreement"), and by that certain Third Amendment to Lease/Purchase Agreement, dated as of June 1, 2016 (the "Third Amendment to Lease Agreement, and together with the Original Lease Agreement, the First Amendment to Lease Agreement and the Second Amendment to Lease Agreement, the "Lease Agreement"), pursuant to which the Authority agreed to lease to the City certain land and the improvements located thereon; and

WHEREAS, the City has previously caused the delivery of its \$20,325,000 City of Chula Vista 2006 Certificates of Participation (Civic Center Project – Phase 2) (the "2006 Certificates"), which 2006 Certificates are secured by lease payments under and pursuant to the terms of the Original Lease Agreement, as amended by the First Amendment to Lease Agreement and the Second Amendment to Lease Agreement (the "Lease Payments"); and

WHEREAS, the City desires to prepay a portion of the Lease Payments evidenced by the 2006 Certificates as permitted by the Lease Agreement and to defease the outstanding 2006 Certificates set forth in Schedule A hereto (the "Defeased Certificates") which constitute all of the 2006 Certificates currently outstanding; and

WHEREAS, to provide the funds to pay and prepay the Lease Payments evidenced by and defease the Defeased Certificates, the City has caused the execution and delivery of the 2016 Refunding Certificates of Participation (Civic Center Project) (the "2016 Certificates") in accordance with the Amended and Restated Trust Agreement, dated as of March 1, 2006, as amended and supplemented by that certain First Supplement to Amended and Restated Trust Agreement, dated as of September 1, 2015 and by that certain Second Supplement to Amended and Restated Trust Agreement, dated as of June 1, 2016 (collectively, the "Trust Agreement"), by and among the City, the Authority and U.S. Bank National Association, as trustee (the "Trustee"); and

WHEREAS, the City proposes to make the deposit of moneys to secure the prepayment of the Lease Payments under the Lease Agreement which are evidenced by the Defeased Certificates, and to appoint the Escrow Bank for the purpose of applying said deposit in accordance with the instructions provided by this Agreement and the Escrow Bank desires to accept said appointment; and

WHEREAS, the City has taken action to cause to be delivered to the Escrow Bank, for deposit in the Escrow Fund, proceeds of the 2016 Certificates and certain other funds for the purchase of certain securities and investments consisting of direct noncallable obligations of the United States of America as listed on Schedule B attached hereto and made a part hereof (the "Investment Securities"), in an amount which, together with income to accrue on such securities, will be sufficient to prepay the Defeased Certificates on _____, 2016 in accordance with the terms of the Trust Agreement; and

WHEREAS, the Escrow Bank has full powers to act with respect to the irrevocable escrow created herein and to perform the duties and obligations to be undertaken pursuant to this Agreement; and

WHEREAS, the Authority and the City have determined that all acts, conditions and things required by the Constitution and laws of the State of California to exist, to have happened and to have been performed precedent to and in connection with the consummation of the financing authorized hereby do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the City is now duly authorized and empowered, pursuant to each and every requirement of law, to consummate such financing for the purpose, in the manner and upon the terms herein provided.

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

SECTION 1. Deposit of Moneys.

(a) The City hereby deposits with the Escrow Bank \$_____ of proceeds of the 2016 Certificates and \$_____ from the funds and accounts relating to the 2006 Certificates to be held in irrevocable escrow by the Escrow Bank separate and apart from other funds of the City, the Authority, the Escrow Bank, and the Trustee, in a fund hereby created and established and to be known as the "2006 Escrow Fund," (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 Defeased Certificates, 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 Defeased Certificates. 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 Grant Thornton, independent certified public accountants, dated _____, 2016 relating to the prepayment of the Defeased Certificates (the "Verification Report").

SECTION 2. Use and Investment of Moneys.

(a) The City 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 City and receipt of the consent of the 2006 Insurer (as defined in the Trust Agreement), 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 City following receipt of the consent of the 2006 Insurer 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 amounts and dates of the anticipated payments by the Escrow Bank of the principal and interest on the Defeased Certificates 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, the City and the 2006 Insurer 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 2016 Certificates or the Defeased Certificates from gross income for federal income tax purposes.

(c) Upon the written direction of the City, 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 City upon the written direction of the City as received by the Escrow Bank, free and clear of any trust, lien, pledge or assignment securing the Defeased Certificates or otherwise existing hereunder or under the Trust Agreement.

The City acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the City the right to receive brokerage confirmations of security transactions as they occur, the City specifically waives receipt of such confirmations to the extent permitted by law. The Escrow Bank will furnish the City periodic cash transaction statements which shall include detail for all investment transactions made by the Escrow Bank hereunder.

SECTION 3. Refunding of the Defeased Certificates. The City 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 Defeased Certificates at the places and in the manner stipulated in the Defeased Certificates and in the Trust Agreement.

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 City 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 City 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 City 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 City 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 City 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 City, 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 Defeased Certificates 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 City and 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 Defeased Certificates or to the validity of this Agreement as to the

City or 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 City, 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 City.

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 City shall pay the Escrow Bank full compensation for its duties under this Agreement, including out-of-pocket costs such as publication costs, prepayment or prepayment 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. Irrevocable Instructions as to Notice. The Escrow Bank hereby acknowledges that upon the funding of the Escrow Fund as provided in this Agreement, the receipt of the Verification Report described in Section 1(b) of this Agreement and the giving of irrevocable instructions to publish and mail as provided in the Irrevocable Instructions and Request to Trustee attached hereto as Schedule D it is in receipt of the items constituting all of the conditions precedent to the defeasance of the Defeased Certificates under the Trust Agreement.

SECTION 9. Amendments. This Agreement is made for the benefit of the City and the holders from time to time of the Defeased Certificates and it shall not be repealed, revoked, altered or amended without the written consent of all such holders, the Escrow Bank and the City; 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 Defeased Certificates and the 2016 Certificates will not be adversely affected for federal income tax purposes, the City, 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 Defeased Certificates 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 Defeased Certificates 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 Defeased Certificates 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 City. The Escrow Bank may be removed (1) by (i) filing with the City and the Escrow Bank of an instrument or instruments executed by the holders of at least 51% in aggregate principal amount of the Defeased Certificates then remaining unpaid, and (ii) the City 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 City or the holders of 5% in aggregate principal amount of the Defeased Certificates 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 held under this Agreement are transferred to the new Escrow Bank. The City or the holders of a majority in principal amount of the Defeased Certificates then remaining unpaid may, by an instrument or instruments filed with the City, appoint a successor Escrow Bank who shall supersede any Escrow Bank theretofore appointed by the City. If no successor Escrow Bank is appointed by the City or the holders of such Defeased Certificates then remaining unpaid, within 45 days after notice of any such resignation or removal, the holder of any such Defeased Certificates 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 City 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 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 City, such consent not to be unreasonably withheld.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

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.

CITY OF CHULA VISTA

By: _____
City Manager

ATTEST:

City Clerk

CHULA VISTA PUBLIC FINANCING
AUTHORITY

By: _____
Chief Financial Officer

ATTEST:

Secretary

U.S. BANK NATIONAL ASSOCIATION, as Escrow
Bank

By: _____
Authorized Officer

SCHEDULE A

Defeased Certificates

<i>Maturity Date</i>	<i>Rate</i>	<i>Principal</i>	<i>CUSIP</i>
3/1/2027			
3/1/2028			
3/1/2029			
3/1/2030			
3/1/2031			
3/1/2032			
3/1/2033			
3/1/2034			
3/1/2035			
3/1/2036			

SCHEDULE B

Investment Securities

<i>Security</i>	<i>Maturity</i>	<i>Principal Amount</i>	<i>Interest Rate</i>
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SCHEDULE C

ESCROW FUND CASH FLOW

<i>Date</i>	<i>Receipts From U.S. Treasury Securities</i>	<i>Cash Disbursements From Escrow</i>	<i>Cash Balance</i>
Beginning Balance:			
TOTAL:			

SCHEDULE D
IRREVOCABLE INSTRUCTIONS AND
REQUEST TO PRIOR TRUSTEE

_____, 2015

U.S. BANK NATIONAL ASSOCIATION

ESCROW AGREEMENT
RELATING TO A FULL DEFEASANCE OF THE
CITY OF CHULA VISTA
2006 CERTIFICATES OF PARTICIPATION,
(CIVIC CENTER PROJECT – PHASE 2)
(the “2006 Certificates”)

Ladies and Gentlemen:

As trustee under that certain Amended and Restated Trust Agreement, dated as of March 1, 2006, as amended and supplemented by that certain First Supplement to Amended and Restated Trust Agreement, dated as of September 1, 2015, and by that certain Second Supplement to Amended and Restated Trust Agreement, dated as of June 1, 2016 (collectively, the “Trust Agreement”), you are hereby notified of the irrevocable election of the Chula Vista Public Financing Authority (the “Authority”) and the City of Chula Vista (the “City”) to deposit funds concurrently with this notice sufficient to prepay all of the outstanding principal amount of the 2006 Certificates maturing on March 1, 2027 to and including March 1, 2036 (collectively, the “Defeased Certificates”).

You are hereby irrevocably instructed to mail, as provided in the Trust Agreement, notice of prepayment of the Defeased Certificates.

You are hereby further irrevocably instructed to mail, as soon as practicable, a notice to the holders of the 2006 Certificates and to the 2006 Insurer (as defined in the Trust Agreement) (in the form annexed hereto as Exhibit X) that the deposit of moneys and investment securities has been made with U.S. Bank National Association, as Escrow Bank, and that the projected withdrawal from such escrow has been calculated by on behalf of the City and the Authority to be adequate to prepay the principal and interest evidenced and represented by the Defeased Certificates on _____, 2016..

CITY OF CHULA VISTA

By: _____
Director of Finance

CHULA VISTA PUBLIC FINANCING
AUTHORITY

By: _____
Executive Director

Receipt acknowledged and
consented to:

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: _____
Authorized Officer

EXHIBIT X

**NOTICE OF FULL DEFEASANCE OF THE
CITY OF CHULA VISTA
2006 CERTIFICATES OF PARTICIPATION
(CIVIC CENTER PROJECT – PHASE 2)
(the “2006 Certificates”)**

Notice is hereby given to the holders of the 2006 Certificates that (i) all of the outstanding 2006 Certificates, comprised of the 2006 Certificates maturing on March 1, 2027 to and including March 1, 2036 (collectively, the “Defeased Certificates”) have been defeased; (ii) there has been deposited with U.S. Bank National Association, as Escrow Bank, moneys and investments securities as permitted by that certain Amended and Restated Trust Agreement, dated as of March 1, 2006, as amended and supplemented by that certain First Supplement to Amended and Restated Trust Agreement, dated as of September 1, 2015, and by that certain Second Supplement to Amended and Restated Trust Agreement, dated as of June 1, 2016 (collectively, the “Trust Agreement”), relating to the Defeased Certificates, in an amount sufficient to prepay the Defeased Certificates on _____, 2016 at the applicable prepayment price contained in the Trust Agreement, together with interest accrued thereon; and (iii) the Escrow Bank has been irrevocably instructed to prepay all outstanding Defeased Certificates on _____, 2016.

On or before _____, 2016, in accordance with the terms of the Trust Agreement, the Trustee will mail a prepayment notice for the Defeased Certificates.

If you have any questions regarding this notice, please contact the Account Manager, _____, at _____.

Dated this ____ day of _____, 2016.

CITY OF CHULA VISTA

**U.S. BANK NATIONAL ASSOCIATION, as
Trustee**

