

ESCROW AGREEMENT (2006 CERTIFICATES)

THIS ESCROW AGREEMENT, dated as of May 1, 2016, by and among the City of Chula Vista (the "City"), the Chula Vista Public Financing Authority (the "Authority") and U.S. Bank National Association, acting in its capacity as escrow bank (the "Escrow Bank") pursuant to this Escrow Agreement (2006 Certificates) (the "Agreement") and as 2006 Trustee (as defined below);

WITNESSETH:

WHEREAS, the Authority has previously caused to be executed and delivered those certain 2006 Certificates of Participation (Civic Center Project – Phase 2) (the "2006 Certificates"), in the original aggregate principal amount of \$20,325,000, pursuant to an Amended and Restated Trust Agreement, dated as of March 1, 2006 (the "2006 Trust Agreement"), by and between the Authority and U.S. Bank National Association, successor to The Bank of New York Trust Company, N.A., as trustee (the "2006 Trustee"), of which \$_____ aggregate principal amount is currently outstanding; and

WHEREAS, the City has determined that it is in its best interests and desirable that the 2006 Certificates be prepaid and defeased; and

WHEREAS, in order to accomplish such prepayment it is necessary and desirable for the City to prepay its remaining Lease Payment obligations under that certain Lease/Purchase Agreement between the City, as lessee, and the Authority, as lessor, dated as of September 1, 2004 as amended by the First Amendment to Lease/Purchase Agreement, dated as of March 1, 2006 (the "Lease Agreement"), and to thereby defease the 2006 Certificates in accordance with the terms of Section 14.01 of the 2006 Trust Agreement and Section 10.3 of the Lease Agreement; and

WHEREAS, the City and the Chula Vista Municipal Financing Authority (the "Financing Authority") have agreed to provide funds necessary to effect the prepayment and defeasance of the 2006 Certificates through the issuance by the Financing Authority of its \$_____ aggregate principal amount Chula Vista Municipal Financing Authority 2016 Lease Revenue Refunding Bonds (the "2016 Bonds"), secured in part by lease payments to be made by the City to the Financing Authority pursuant to the Lease Agreement, dated as of May 1, 2016, by and between the City and the Financing Authority; and

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 has caused to be deposited with the Escrow Bank \$_____ from the net proceeds of the 2016 Bonds and \$_____ from certain funds and accounts held under the 2006 Indenture. Such moneys shall be held in irrevocable escrow by the Escrow Bank separate and apart from other funds of the City, the Authority, the Financing Authority, the Escrow Bank and the 2006 Trustee in a fund hereby created and established and to be known as the "Escrow Fund," and shall be applied solely as provided in this Agreement.

(b) The Escrow Bank hereby acknowledges receipt of the opinion of Stradling Yocca Carlson & Rauth, dated _____, 2016, and relating to this Agreement with respect to the

fact that the City's and the Authority's obligations under the 2006 Trust Agreement with respect to the 2006 Certificates are defeased in the manner and to the extent provided in Section 14.01 of the 2006 Trust Agreement.

SECTION 2. Investment of Moneys. The Escrow Bank acknowledges receipt of the moneys described in Section 1 and agrees immediately to invest such moneys in the Governmental Obligations listed on Schedule A hereto, to deposit such Governmental Obligations in the Escrow Fund and to hold \$_____ uninvested in cash.

The Escrow Bank shall be entitled to rely upon the conclusion of _____ (the "Verification Agent"), that the Government Obligations in the Escrow Fund mature and bear interest payable in such amounts and at such times as, together with cash on deposit in the Escrow Fund, will be sufficient to pay the prepayment price of the 2006 Certificates maturing on and after March 1, 2017 on _____, 2016.

SECTION 3. Investment of Any Remaining Moneys. At the written direction of the City, the Escrow Bank shall reinvest any other amount of principal and interest, or any portion thereof, received from the Governmental Obligations prior to the date on which such payment is required for the purposes set forth herein, in noncallable Governmental Obligations maturing not later than the date on which such payment or portion thereof is required for the purposes set forth in Section 5, at the written direction of the City, as verified in a report prepared by an independent certified public accountant or firm of certified public accountants of favorable national reputation experienced in the refunding of obligations of political subdivisions to the effect that the reinvestment described in said report will not adversely affect the sufficiency of the amounts of securities, investments and money in the Escrow Fund to pay the prepayment price of the 2006 Certificates maturing on and after March 1, 2017 on _____, 2016; provided that the City has obtained and delivered to the Escrow Bank an opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, or other nationally recognized bond counsel firm that such reinvestment will not adversely affect the exclusion from gross income for federal income tax purposes of the interest portion of the 2006 Certificates or interest on the Bonds. Any interest income resulting from investment or reinvestment of moneys pursuant to this Section 3 which are not required for the purposes set forth in Section 5, as verified in the letter of the Verification Agent originally obtained by the Bank with respect to the refunding of the 2006 Certificates or in any other report prepared by an independent certified public accountant or firm of certified public accountants of favorable national reputation experienced in the refunding of tax exempt obligations of political subdivisions, shall be paid to the City promptly upon the receipt of such interest income by the Escrow Bank. The determination of the City as to whether an accountant qualifies under this Escrow Agreement shall be conclusive.

SECTION 4. Substitution of Securities. Upon the written request of the City, and subject to the conditions and limitations herein set forth and applicable governmental rules and regulations, the Escrow Bank shall sell, prepay or otherwise dispose of the Governmental Obligations, provided that there are substituted therefor from the proceeds of the Governmental Obligations other Governmental Obligations, but only after the City has obtained and delivered to the Escrow Bank: (i) an opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, or other nationally recognized bond counsel firm to the effect that the substitution of securities is permitted hereunder and that such reinvestment will not adversely affect the exclusion from gross income for federal income tax purposes of the interest portion of the 2006 Certificates or interest with respect to the 2016 Bonds; and (ii) a report by a firm of independent certified public accountants to the effect that the reinvestment described in said report will not adversely affect the sufficiency of the amounts of

securities, investments and money in the Escrow Fund to pay the prepayment price of the 2006 Certificates maturing on and after March 1, 2017 on _____, 2016. The Escrow Bank shall not be liable or responsible for any loss resulting from any reinvestment made pursuant to this Agreement and in full compliance with the provisions hereof.

SECTION 5. Payment of 2006 Certificates.

(a) Payment. The Escrow Bank shall transfer from the Escrow Fund to the 2006 Trustee amounts sufficient to pay the prepayment price of the 2006 Certificates maturing on and after March 1, 2017 on _____, 2016 (the "Prepayment Date") the prepayment price (the "Prepayment Price") of the 2006 Certificates maturing after the Prepayment Date. The 2006 Trustee is hereby directed to apply such moneys to prepay the 2006 Certificates on the Prepayment Date.

(b) Irrevocable Instructions to Provide Notice. The forms of the notice required to be mailed pursuant to Sections 4.05 and 14.01 of the 2006 Trust Agreement are substantially in the forms attached hereto as Exhibit C. The City hereby irrevocably instructs the Escrow Bank to mail a notice of prepayment and a notice of defeasance of the 2006 Certificates in accordance with Sections 4.05 and 14.01, respectively, of the 2006 Trust Agreement, as required to provide for the prepayment of the 2006 Certificates in accordance with this Section 5.

(c) Unclaimed Moneys. Any moneys which remain unclaimed for one (1) year after the Prepayment Date, shall, at the written request of the City, be repaid by the Escrow Bank to the City; provided, however, that the Escrow Bank shall first mail a notice as more fully described in the 2006 Trust Agreement that said moneys remain unclaimed.

(d) Priority of Payments. The holders of the 2006 Certificates shall have a first lien on the moneys in the Escrow Fund which are allowable and sufficient to pay the 2006 Certificates until such moneys are used and applied as provided in this Agreement. Any cash held in the Escrow Fund is irrevocably pledged only to the 2006 Certificate holders.

(e) Termination of Obligation. As provided in the 2006 Trust Agreement, upon deposit of moneys with the Escrow Bank in the Escrow Fund as set forth in Section 1 hereof and the purchase of the various Governmental Obligations as provided in Section 2 hereof, all obligations of the City under the 2006 Trust Agreement with respect to the 2006 Certificates shall cease, terminate and become void except as set forth in the 2006 Trust Agreement. As provided in Section 10.3 of the Lease Agreement the obligations of the City under the Lease Agreement with respect to the portion of the Lease Payments relating to the 2006 Certificates shall cease, terminate, become void and be completely discharged and satisfied (except for the rights of the 2006 Trustee and the obligation of the City to have the Governmental Obligations and moneys on deposit in the Escrow Fund applied to Lease Payments).

SECTION 6. Application of Certain Terms of the 2006 Trust Agreement. All of the terms of the 2006 Trust Agreement relating to the making of payments of principal and interest with respect to the 2006 Certificates and relating to the exchange or transfer of the 2006 Certificates are incorporated in this Agreement as if set forth in full herein.

SECTION 7. Performance of Duties. The Escrow Bank agrees to perform only the duties set forth herein and shall have no responsibility to take any action or omit to take any action not set forth herein.

SECTION 8. Escrow Bank's Authority to Make Investments. Except as provided in Sections 2, 3 and 4 hereof, the Escrow Bank shall have no power or duty to invest any funds held under this Agreement or to sell, transfer or otherwise dispose of the moneys or Governmental Obligations held hereunder.

SECTION 9. Indemnity. The City and the Authority hereby assume liability for, and hereby agree (whether or not any of the transactions contemplated hereby are consummated) to indemnify, protect, save and keep harmless the Escrow Bank and its respective successors, assigns, 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 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 and securities deposited therein and any payment, transfer or other application of moneys or securities 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 negligent or willful misconduct of the Escrow Bank's respective successors, assigns, 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. The indemnities contained in this section shall survive the termination of this Agreement and the resignation or removal of the Escrow Bank.

SECTION 10. 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 such moneys to accomplish the defeasance of the 2006 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 moneys deposited in the Escrow Fund to accomplish the defeasance of the 2006 Certificates or to the validity of this Agreement as to the City 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. In no event shall the Escrow Bank be liable for any special indirect or consequential damages. 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 or the Authority. The Escrow Bank shall incur no liability for losses arising from any investment made pursuant to this Agreement.

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, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it. 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.

SECTION 11. Amendments. This Agreement is made for the benefit of the City, the Authority and the holders from time to time of the 2006 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 with respect to the 2016 Bonds and the 2006 Certificates will not be adversely affected for federal income tax purposes, that 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 2006 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 municipal bond attorneys with respect to compliance with this section, including the extent, if any, to which any change, modification, addition or elimination affects the rights of the holders of the 2006 Certificates or that any instrument executed hereunder complies with the conditions and provisions of this section.

SECTION 12. 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 2006 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 pursuant to Section 3(b) of this Agreement.

SECTION 13. 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 in the Escrow Fund for the payment of fees and expenses for services rendered by the Escrow Bank under this Agreement.

SECTION 14. Resignation or Removal of Trustee as Escrow Bank.

(a) The Escrow Bank may resign by giving notice in writing to the City and the Authority. The Escrow Bank may be removed: (1) by: (i) filing with the City and the Authority an instrument or instruments executed by the holders of at least 51% in aggregate principal amount of the 2006 Certificates then remaining unpaid; and (ii) the delivery of a copy of the instruments filed with the City and the Authority 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

Authority or the holders of 5% in aggregate principal amount of the 2006 Certificates then remaining unpaid.

(b) If the position of Escrow Bank becomes vacant due to resignation or removal of the Escrow Bank or any other reason, a successor Escrow Bank may be appointed by the City and the Authority. Within one year after a vacancy, the holders of a majority in principal amount of the 2006 Certificates then remaining unpaid may, by an instrument or instruments filed with the City and the Authority, appoint a successor Escrow Bank who shall supersede any Escrow Bank theretofore appointed by the City and the Authority. If no successor Escrow Bank is appointed by the City and the Authority or the holders of such 2006 Certificates then remaining unpaid, within 45 days after any such resignation or removal, the holder of any such 2006 Certificates or any retiring Escrow Bank may apply to a court of competent jurisdiction for the appointment of a successor Escrow Bank. The responsibilities of the Escrow Bank under this Escrow Agreement will not be discharged until a new Escrow Bank is appointed and until the cash held under this Escrow Agreement is transferred to the new Escrow Bank.

SECTION 15. Severability. If any one or more of the covenants or agreements provided in this Agreement on the part of the City, 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 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 16. 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 17. Governing Law. This Agreement shall be construed under the laws of the State of California.

SECTION 18. 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 19. Assignment. This Agreement shall not be assigned by the Escrow Bank or any successor thereto without the prior written consent of the City.

SECTION 20. Insufficient Funds. If at any time the Escrow Bank has actual knowledge that the moneys and investments in the Escrow Fund, including the anticipated proceeds of and earnings thereon, will not be sufficient to make all payments required by this Agreement, the Escrow Bank shall notify the City in writing, of the amount thereof and the reason therefor to the extent known to it. The Escrow Bank shall have no responsibility regarding any such deficiency.

SECTION 21. Standard and Poor's. The City agrees to provide to each rating agency rating the 2016 Bonds and the 2006 Certificates prior notice of each amendment entered into pursuant to Section 11 hereof and a copy of such proposed amendment, and to forward a copy (as soon as possible) of: (i) each amendment hereto entered into pursuant to Section 11 hereof; and (ii) any action relating to severability or contemplated by Section 15 hereof.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers.

CITY OF CHULA VISTA

By: _____
City Manager

ATTEST:

By: _____
City Clerk

CHULA VISTA MUNICIPAL FINANCING
AUTHORITY

By: _____
Treasurer

ATTEST:

By: _____
Secretary

[SIGNATURES CONTINUED ON NEXT PAGE.]

[SIGNATURE PAGE CONTINUED.]

U.S. BANK NATIONAL ASSOCIATION, as Escrow
Bank and 2006 Trustee

By: _____
Authorized Officer

EXHIBIT A
GOVERNMENT OBLIGATIONS

EXHIBIT B
ESCROW SUFFICIENCY

EXHIBIT C

**FORM OF IRREVOCABLE INSTRUCTIONS AND REQUEST TO
2006 TRUSTEE AND ESCROW BANK**

_____, 2016

U.S. Bank National Association.
Los Angeles, California

\$20,325,000
CITY OF CHULA VISTA
2006 CERTIFICATES OF PARTICIPATION
(CIVIC CENTER PROJECT – PHASE 2)

Ladies and Gentlemen:

As Trustee under that certain Amended and Restated Trust Agreement, dated as of March 1, 2006 (the “2006 Trust Agreement”), by and between the Chula Vista Public Financing Authority (the “Authority”) and U.S. Bank National Association, successor to The Bank of New York Trust Company, N.A. as trustee (“U.S. Bank”), and as Escrow Bank under that certain Escrow Agreement, dated as of May 1, 2016 (the “Escrow Agreement”), by and among the City of Chula Vista (the “City”), the Authority and U.S. Bank, you are hereby notified of the irrevocable election of the City to cause to be paid on _____, 2016 (the “Prepayment Date”), the prepayment price of the above-captioned certificates (the “2006 Certificates”) maturing on and after March 1, 2017.

You are hereby further irrevocably instructed to mail upon receipt of moneys adequate to pay the prepayment price of and the interest on the 2006 Certificates, (i) a notice to the registered owners of such 2006 Certificates (in the form attached hereto as Exhibit Y) that the deposit of moneys has been made with you as such Escrow Bank and that the projected withdrawals from such escrow have been calculated to be adequate to pay the prepayment price of and the interest on the 2006 Certificates on the Prepayment Date. You are further irrevocably instructed to mail on or before _____, 2016 a notice of prepayment of such 2006 Certificates in the form attached hereto as Exhibit Z pursuant to instructions of the City.

CITY OF CHULA VISTA

By: _____
City Manager

RECEIPT ACKNOWLEDGED AND CONSENTED TO:

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

By: _____
Authorized Officer

EXHIBIT Y
NOTICE OF DEFEASANCE OF
CITY OF CHULA VISTA
2006 CERTIFICATES OF PARTICIPATION

Notice is hereby given to the owners of the outstanding bonds (the “2006 Certificates”) captioned above: (i) that there has been deposited with U.S. Bank National Association, as Escrow Bank, moneys as permitted by the Amended and Restated Trust Agreement, dated as of March 1, 2006 (the “2006 Trust Agreement”), by and between the Chula Vista Public Financing Authority (the “Authority”) and U.S. Bank National Association, successor to The Bank of New York Trust Company, N.A., as 2006 Trustee, which, together with such other moneys deposited with the Escrow Bank, shall be sufficient and available to pay on _____, 2016 the prepayment price equal to 100% aggregate principal amount of the 2006 Certificates maturing on and after March 1, 2017; and (ii) that the 2006 Certificates are deemed to be paid and that the 2006 Trust Agreement and the pledge of Lease Payments (as such term is defined in the 2006 Trust Agreement) and other assets made under the 2006 Trust Agreement and all covenants, agreements and other obligations of the Authority under the 2006 Trust Agreement with respect to the 2006 Certificates have ceased, terminated, become void and been completely discharged and satisfied in accordance with Section 14.01 of the 2006 Trust Agreement.

All 2006 Certificates shall be surrendered at the following address for replacement certificates to be issued in exchange as described above:

If by Mail:

If by Hand or Overnight Mail:

No representation is made as to the correctness of the CUSIP number either as printed on any of the 2006 Certificates or as contained herein and any error in the CUSIP number shall not affect the validity of the proceedings for prepayment of the 2006 Certificates.

Dated this ____ day of _____, 20__.

CHULA VISTA PUBLIC FINANCING
AUTHORITY

U.S BANK NATIONAL ASSOCIATION, as 2006
Trustee

EXHIBIT Z

NOTICE OF FULL PREPAYMENT

[REPLACE WITH ACTUAL FORM USED BY TRUSTEE]