

**ESCROW AGREEMENT**

**Between the**

**COUNTY OF NEVADA**

**and**

**THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,  
as Escrow Bank**

**Dated as of October 1, 2018**

**Relating to**

**COUNTY OF NEVADA  
CERTIFICATES OF PARTICIPATION  
(2011 REFUNDING)  
(BANK QUALIFIED)**

## ESCROW AGREEMENT

THIS ESCROW AGREEMENT, dated as of October 1, 2018 (this “Agreement”), is between the County of Nevada, a political subdivision of the State of California (the “County”), and The Bank of New York Mellon Trust Company, N.A., 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 County and the Nevada County Finance Authority, a joint powers authority, duly organized and existing under the laws of the State of California (the “Authority”) have heretofore entered into that certain Lease Agreement, dated as of July 1, 2011 (the “Lease Agreement”), pursuant to which the Authority agreed to lease to the County certain land and the improvements located thereon; and

WHEREAS, the County has previously caused the delivery of its \$8,610,000 County of Nevada Certificates of Participation (2011 Refunding) (Bank Qualified) (the “2011 Certificates”), pursuant to the Trust Agreement dated as of July 1, 2011 (the “Trust Agreement”), by and among the Authority, the County and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”), which 2011 Certificates are secured by lease payments under and pursuant to the terms of the Lease Agreement (the “Lease Payments”); and

WHEREAS, the Lease Agreement further provides that the County may defease the 2011 Certificates by depositing or causing the deposit into escrow moneys sufficient to pay such Lease Payments, and the interest thereon, when due, subject to the terms and conditions set forth, in the Lease Agreement;

WHEREAS, the County desires to pay all of the Lease Payments evidenced by the 2011 Certificates as permitted by the Lease Agreement and to defease all of the outstanding 2011 Certificates, as set forth in Schedule A hereto (the “Defeased Certificates”); and

WHEREAS, the County has authorized the deposit of moneys to secure the payment 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 County has taken action to cause to be delivered to the Escrow Bank, for deposit in the Escrow Fund, a portion of the amounts on deposit in the reserve fund (the “Reserve Fund”) established under the Trust Agreement, 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 pay the regularly scheduled principal of and interest with respect to the Defeased Certificates, when due, through and including October 1, 2019; 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.

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

SECTION 1. Deposit of Moneys.

(a) The County hereby deposits with the Escrow Bank \$[291,200] from amounts held in the Reserve Fund established under the Trust Agreement, to be held in irrevocable escrow by the Escrow Bank separate and apart from other funds of the County, the Authority, the Escrow Bank, and the Trustee, in a fund hereby created and established and to be known as the “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 regularly scheduled principal of and interest with respect to the Defeased Certificates, when due, through and including October 1, 2019, 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 \$[284,409] and shall retain \$[0.42] uninvested in cash.

(b) The Escrow Bank hereby acknowledges receipt of the written opinion of The Arbitrage Group, Inc., independent certified public accountants, dated October \_\_, 2018 relating to the defeasance of the Defeased Certificates (the “Verification Report”).

SECTION 2. Use and Investment of Moneys.

(a) The County 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 County, 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 County, 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 County and the Insurer (as defined in the Trust Agreement) 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 with respect to the Defeased Certificates from gross income for federal income tax purposes.

(c) Upon the written direction of the County, 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 County upon the written direction of the County 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 County acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the County the right to receive brokerage confirmations of security transactions as they occur, the County specifically waives receipt of such confirmations to the extent permitted by law. The Escrow Bank will furnish the County 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 County 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 County 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, neither the County nor the Authority shall have any 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. To the extent allowed by law, the County 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 County 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 County 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 County, 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 County 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 County 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 County, 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 County.

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 County shall pay the Escrow Bank full compensation for its duties under this Agreement, including out-of-pocket costs such as publication costs 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, the giving of irrevocable instructions to provide notice as set forth in the Irrevocable Instructions and Request to Trustee attached hereto as Schedule D, the Opinion of Counsel (as defined in the Trust Agreement) delivered in connection with the defeasance of the Defeased Securities, it is in receipt of the items constituting all of the conditions precedent to the defeasance of the Defeased Certificates under Article X of the Trust Agreement.

SECTION 9. Amendments. This Agreement is made for the benefit of the County 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 County; 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 will not be adversely affected for federal income tax purposes, the County and the Escrow Bank may, without the consent of, or notice to, such holders, but with notice to the Insurer, 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 County. The Escrow Bank may be removed (1) by (i) filing with the County 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 County 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 County 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, Investment Securities and any Substitute Investment Securities held under this Agreement are transferred to the new Escrow Bank. The County 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 County, appoint a successor Escrow Bank who shall supersede any Escrow Bank theretofore appointed by the County. If no successor Escrow Bank is appointed by the County 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 County 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 County 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 County, such consent not to be unreasonably withheld.



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.

COUNTY OF NEVADA

By: \_\_\_\_\_  
[Name], [Title]

ATTEST:

\_\_\_\_\_  
Clerk of the Board of Supervisors

THE BANK OF NEW YORK MELLON TRUST  
COMPANY, N.A., as Escrow Bank

By: \_\_\_\_\_  
Authorized Officer

**SCHEDULE A**

**Defeased Certificates**

| <i><b>Maturity<br/>Date<br/>(October 1)</b></i> | <i><b>Principal</b></i> | <i><b>Rate</b></i> | <i><b>CUSIP</b></i> |
|---|-------------------------|--------------------|---------------------|
| 2019  | \$280,000               | 4.00%              | 641264DZ6           |

**SCHEDULE B**

**Investment Securities**

| <i>Security</i> | <i>Maturity</i> | <i>Principal<br/>Amount</i> | <i>Interest<br/>Rate</i> |
|-----------------|-----------------|-----------------------------|--------------------------|
| SLGS            | 4/1/2019        | [\$5,540]                   | [2.200]%                 |
| SLGS            | 10/1/2019       | [\$278,869]                 | [2.420]%                 |

**SCHEDULE C**

**ESCROW FUND CASH FLOW**

| <i>Date</i>           | <i>Receipts From<br/>U.S. Treasury<br/>Securities</i> | <i>Cash<br/>Disbursements<br/>From Escrow</i> | <i>Cash<br/>Balance</i> |
|-----------------------|---|---|-------------------------|
| Beginning<br>Balance: |   |   |                         |
| 10/02/2018            | \$[0.42]  | \$0.00  | \$[0.42]                |
| 04/01/2019            | \$[5,600.44]  | \$[5,600.00]                                  | \$[0.86]                |
| 10/01/2019            | \$[285,599.14]  | \$[285,600.00]                                | \$0.00                  |
| <b>TOTAL:</b>         |   |   |                         |

**SCHEDULE D**

**IRREVOCABLE INSTRUCTIONS AND  
REQUEST TO TRUSTEE**

October 1, 2018

**THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.**

**ESCROW AGREEMENT  
RELATING TO A REFUNDING OF  
\$8,610,000  
COUNTY OF NEVADA  
CERTIFICATES OF PARTICIPATION  
(2011 REFUNDING)  
(BANK QUALIFIED)  
(the "2011 Certificates")**

Ladies and Gentlemen:

As trustee under that certain Trust Agreement, dated as of July 1, 2011 (the "Trust Agreement"), by and among the Nevada County Finance Authority (the "Authority"), the County of Nevada (the "County") and The Bank of New York Mellon Trust Company, N.A., you are hereby notified of the irrevocable election of the Authority and the County to provide funds and securities concurrently with this notice, which, together with interest thereon, will be sufficient to pay the regularly scheduled principal of and interest with respect to the 2011 Certificates, when due, through and including October 1, 2019.

In accordance with Section 5.05(f) of the Trust Agreement, you are directed to transfer from the Reserve Fund established pursuant to the Indenture to the Escrow Fund created pursuant to the Escrow Agreement, dated as of October 1, 2018, between the County and The Bank of New York Mellon Trust Company, N.A. (the "Escrow Agreement") the amount of \$[284,409.42], which amount shall be applied in accordance with the Escrow Agreement.

In addition, in accordance with Section 10.01 of the Trust Agreement, you are hereby irrevocably instructed to provide, as soon as practicable, a notice to the holders of the 2011 Certificates and to the 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 The Bank of New York Mellon Trust Company, N.A., as Escrow Bank, and that the projected withdrawals from such escrow have been calculated on behalf of the County and the Authority to be sufficient to pay the regularly scheduled principal of and interest with respect to the 2011 Certificates, when due, through and including October 1, 2019.

COUNTY OF NEVADA

By: \_\_\_\_\_  
[Name], [Title]

Receipt acknowledged and  
consented to:  
THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,  
as Trustee

By: \_\_\_\_\_  
Authorized Officer

**EXHIBIT X**  
**NOTICE OF DEFEASANCE OF**  
**\$8,610,000**  
**COUNTY OF NEVADA**  
**CERTIFICATES OF PARTICIPATION**  
**(2011 REFUNDING)**  
**(BANK QUALIFIED)**  
**(the “2011 Certificates”)**

Notice is hereby given to the holders of the outstanding 2011 Certificates maturing on October 1, 2019 (the “Defeased Certificates”) that (i) such Defeased Certificates have been defeased; (ii) in accordance with Section 10.01 of the Trust Agreement, dated as of July 1, 2011 (the “Trust Agreement”), by and among the County of Nevada, the Nevada County Finance Authority and The Bank of New York Mellon Trust Company, N.A., and an Escrow Agreement, dated as of October 1, 2018, between the County and The Bank of New York Mellon Trust Company, N.A., as Escrow Agent (the “Escrow Agent”), there has been deposited with the Escrow Agent, moneys and investment securities as permitted by the Trust Agreement in an amount sufficient to pay the regularly scheduled principal of and interest with respect to the Defeased Certificates, when due, through and including October 1, 2019.

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

Dated this \_\_\_\_ day of \_\_\_\_\_, 2018.

**COUNTY OF NEVADA**

**THE BANK OF NEW YORK MELLON TRUST  
COMPANY, N.A., as Trustee**