

ESCROW DEPOSIT AND TRUST AGREEMENT

Relating to

**CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY
Water and Wastewater Revenue Bonds (Pooled Financing Program)
Series 2001B**

and

**CITY OF CALISTOGA
CSCDA Installment Purchase Agreement, dated as of August 1, 2001**

and

**CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY
Water and Wastewater Revenue Bonds (Pooled Financing Program)
Series 2005D**

and

**CITY OF CALISTOGA
CSCDA Installment Purchase Agreement, dated as of November 1, 2005**

This ESCROW DEPOSIT AND TRUST AGREEMENT (this "Agreement"), dated as of _____ 1, 2018, is between the CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY, a joint exercise of powers authority organized and existing under the Constitution and laws of the State of California (the "Authority"), the CITY OF CALISTOGA, a general law city and municipal corporation organized and existing under the laws of the State of California (the "City") and MUFG UNION BANK, N.A., a national banking association organized and existing under the laws of the United States of America, acting as escrow agent and as 2001 Trustee (as hereinafter defined) for the 2001 Bonds described below (the "Escrow Agent").

BACKGROUND:

1. The City previously entered into an Installment Purchase Agreement, dated as of August 1, 2001 (the "2001 Installment Purchase Agreement") with the Authority, pursuant to which the City agreed to make certain installment payments in the aggregate principal amount of \$3,500,000 (the "2001 Installment Payments") for the purpose of financing certain improvements to the City's wastewater system, and in connection therewith the Authority issued its Water and Wastewater Revenue Bonds (Pooled Financing Program), Series 2001B (the "2001 Bonds"), pursuant to an Indenture, dated as of August 1, 2001 (the "2001 Indenture"), between the Authority and Union Bank of California, N.A. (now known as MUFG Union Bank, N.A.), as trustee (the "2001 Trustee").

2. The 2001 Installment Payments and 2001 Bonds may be prepaid on any date at a prepayment price equal to 100% of the principal amount of thereof to be prepaid, plus accrued interest to the date of prepayment, without premium.

3. The City previously entered into an Installment Purchase Agreement, dated as of November 1, 2005 (the "2005 Installment Purchase Agreement") with the Authority, pursuant to which the City agreed to make certain installment payments in the aggregate principal amount of \$5,290,000 (the "2005 Installment Payments") for the purpose of financing and refinancing certain improvements to the City's water system, and in connection therewith the Authority issued its Water and Water Revenue Bonds, Series 2005D (the "2005 Bonds"), pursuant to an Indenture, dated as of November 1, 2005, between the Authority and Union Bank of California, N.A. (now known as MUFG Union Bank, N.A.), as trustee (the "2005 Trustee").

4. The 2005 Installment Payments and 2005 Bonds may be prepaid on any date at a prepayment price equal to 100% of the principal amount of thereof to be prepaid, plus accrued interest to the date of prepayment, without premium.

5. In order to take advantage of prevailing bond market conditions, the City desires to refinance and prepay, in full, the 2001 Installment Payments and the 2005 Installment Payments (together, the "Prior Installment Payments"), which will, in turn, result in the partial redemption of a portion of the 2001 Bonds and 2005 Bonds, respectively (together, the "Prior Bonds").

6. In order to refinance the Prior Installment Payments and other obligations of the City, the City is issuing and selling its 2018 Water and Wastewater Revenue Certificates of Participation (the "Refunding Bonds"), pursuant to a Trust Agreement, dated as of _____ 1, 2018 (the "Refunding Bonds Agreement").

7. The City wishes to appoint the Escrow Agent for the purpose of establishing an irrevocable escrow fund to be funded, invested, held and administered for the purpose of prepaying the Prior Installment Payments and a corresponding amount of the Prior Bonds.

A G R E E M E N T :

In consideration of the premises and the material covenants contained herein, the City and the Escrow Agent hereby agree as follows:

SECTION 1. Appointment of Escrow Agent; Establishment of Escrow Fund.
The Authority and the City hereby appoint the Escrow Agent to act as escrow agent for purposes of administering the funds required to prepay all of the Prior Installment Payments and a corresponding amount of the Prior Bonds. The Escrow Agent is directed to establish an escrow fund (the "Escrow Fund"), and within the Escrow Fund the "2001 Bonds Subaccount" and the "2005 Bonds Subaccount," to be held by the Escrow Agent in trust as an irrevocable escrow securing the payments set forth below. All cash and securities in the 2001 Bonds Subaccount of the Escrow Fund are hereby irrevocably pledged as a special fund for the payment of the 2001 Installment Payments and a corresponding amount of the 2001 Bonds, and all cash and securities in the 2005 Bonds Subaccount of the Escrow Fund are hereby irrevocably pledged as a special fund for the payment of the 2005 Installment Payments and a corresponding amount of the 2005 Bonds.

SECTION 2. Deposit and Investment of Amounts in Escrow Fund.

(a) On _____, 2018 (the “**Closing Date**”), the City and/or the Authority will cause to be transferred to the Escrow Agent for deposit into the Escrow Fund the amount of \$ _____ in immediately available funds, comprised of the following:

(i) \$ _____ received from the City derived from the proceeds of the Refunding Bonds;

(ii) [\$ _____ received from the City derived from internal funds of the City];

(iii) \$ _____ which amount shall be transferred by the 2001 Trustee to the Escrow Agent from the Installment Payment Fund established under the 2001 Indenture and the 2001 Trustee is hereby instructed to make such transfer; and

(iv) \$ _____ which amount shall be transferred by the 2005 Trustee to the Escrow Agent from the Installment Payment Fund established under the 2005 Indenture and the 2005 Trustee is hereby instructed to make such transfer; and

(b) Of such total amount deposited to the Escrow Fund, the Escrow Agent shall deposit \$ _____ to the 2001 Bonds Subaccount and \$ _____ to the 2005 Bonds Subaccount.

(c) On the Closing Date, the Escrow Agent shall invest \$ _____ of the amounts deposited in the 2001 Bonds Subaccount of the Escrow Fund in the federal securities listed on Exhibit A. The Escrow Agent shall hold the remaining \$ _____ in cash, uninvested.

(d) On the Closing Date, the Escrow Agent shall invest \$ _____ of the amounts deposited in the 2005 Bonds Subaccount of the Escrow Fund in the federal securities listed on Exhibit A. The Escrow Agent shall hold the remaining \$ _____ in cash, uninvested.

(e) If the Escrow Agent learns that the Department of the Treasury or the Bureau of Fiscal Service will not, for any reason, accept a subscription of state and local government series securities (“SLGS”) that is to be submitted pursuant to this Agreement, the Escrow Agent shall promptly request alternative written investment instructions from the City with respect to funds which were to be invested in SLGS. The Escrow Agent shall follow such instructions and, upon the maturity of any such alternative investment, the Escrow Agent shall hold such funds uninvested and without liability for interest until receipt of further written instructions from the City. In the absence of investment instructions from the City, the Escrow Agent shall not be responsible for the investment of such funds or interest thereon. The Escrow Agent may conclusively rely upon the City’s selection of an alternative investment as a determination of the alternative investment’s legality and suitability and shall not be liable for any losses related to the alternative investments or for compliance with any yield restriction applicable thereto.

SECTION 3. *Application of Amounts in Escrow Fund.* The total amount of cash and Federal Securities deposited in the Escrow Fund pursuant to Section 2 shall be applied by the Escrow Agent for the sole purpose of prepaying the Prior Installment Payments and a corresponding amount of the Prior Bonds, at the times and in the amounts set forth in the schedules shown in Exhibit B attached hereto and by this reference incorporated herein.

If at any time the Escrow Agent shall receive actual knowledge that the cash and Federal Securities in the Escrow Fund will not be sufficient to make any payment required by this Section 3, the Escrow Agent shall notify the Authority and the City of such fact and the City shall immediately cure such deficiency from any source of legally available funds. The Escrow Agent has no liability for any such insufficiency.

Following the payment and prepayment of the Prior Installment Payments and a corresponding amount of the Prior Bonds as set forth above in this Section 3, the Escrow Agent shall transfer any amounts remaining on deposit in the Escrow Fund to MUFJ Union Bank, N.A., as trustee for the Refunding Bonds, for deposit in the Debt Service Fund established under the Refunding Bonds Agreement, to be applied to pay interest next coming due and payable on the Refunding Bonds.

SECTION 4. *Irrevocable Election to Prepay Prior Installment Payments and a Corresponding Amount of the Prior Bonds.* The City has irrevocably elected to pay and prepay all of the 2001 Installment Payments, which will result in a partial redemption of a corresponding amount of the 2001 Bonds. [[The City has previously given notice of the prepayment of the 2001 Installment Payments to the 2001 Trustee.]]

The Authority hereby directs the 2001 Trustee to notify the holders of the 2001 Bonds that the 2001 Bonds will be partially redeemed, in the amount set forth on Exhibit B, on _____, 2018, which notice shall be substantially in the form attached hereto as Exhibit C.

The City has irrevocably elected to pay and prepay all of the 2005 Installment Payments, which will result in a partial redemption of a corresponding amount of the 2005 Bonds. [[The City has previously given notice of the prepayment of the 2005 Installment Payments to the 2005 Trustee.]]

The Authority hereby directs the 2005 Trustee to notify the holders of the 2005 Bonds that the 2005 Bonds will be partially redeemed, in the amount set forth on Exhibit B, on _____, 2018, which notice shall be substantially in the form attached hereto as Exhibit C.

SECTION 5. *Compensation to Escrow Agent.* The City shall pay the Escrow Agent full compensation for its services under this Agreement, including out-of-pocket costs such as publication costs, prepayment expenses, legal fees and other costs and expenses relating hereto and, in addition, all fees, costs and expenses relating to the purchase or withdrawal of any securities after the date hereof. Under no circumstances shall amounts deposited in or credited to the Escrow Fund be deemed to be available for said purposes. The Escrow Agent has no lien upon or right of set off against the cash and securities at any time on deposit in the Escrow Fund.

SECTION 6. *Immunities and Liability of Escrow Agent.* The Escrow Agent undertakes to perform only such duties as are expressly set forth in this Agreement and

no implied duties, covenants or obligations shall be read into this Agreement against the Escrow Agent. The Escrow Agent shall not have any liability hereunder except to the extent of its negligence or willful misconduct. In no event shall the Escrow Agent be liable for any special, indirect or consequential damages. The Escrow Agent shall not be liable for any loss from any investment made by it in accordance with the terms of this Agreement. The Escrow Agent may consult with legal counsel of its own choice and the Escrow Agent shall not be liable for any action taken or not taken by it in good faith in reliance upon the opinion or advice of such counsel. The Escrow Agent shall not be liable for the recitals or representations contained in this Agreement and shall not be responsible for the validity of this Agreement, the sufficiency of the Escrow Fund or the moneys and securities to pay the principal, interest and prepayment premium with respect to the Prior Installment Payments and a corresponding amount of the Prior Bonds.

Whenever in the administration of this Agreement the Escrow Agent deems it necessary or desirable that a matter be proved or established prior to taking or not taking any action, such matter may be deemed to be conclusively proved and established by a certificate of an authorized representative of the Authority or the City and shall be full protection for any action taken or not taken by the Escrow Agent in good faith reliance thereon.

The Escrow Agent may conclusively rely as to the truth and accuracy of the statements and correctness of any opinions or calculations provided to it in connection with this Agreement and shall be protected in acting, or refraining from acting, upon any notice, instruction, request, certificate, document, opinion or other writing furnished to the Escrow Agent in connection with this Agreement and believed by the Escrow Agent to be signed by the proper party, and it need not investigate any fact or matter stated therein.

None of the provisions of this Agreement shall require the Escrow Agent to expend or risk its own funds or otherwise to incur any liability, financial or otherwise, in the performance of any of its duties hereunder. The Escrow Agent may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, attorneys, custodians or nominees appointed with due care.

The Escrow Agent may at any time resign by giving 30 days' written notice of resignation to the Authority and the City. Upon receiving such notice of resignation, the City shall promptly appoint a successor and, upon the acceptance by the successor of such appointment, release the resigning Escrow Agent from its obligations hereunder by written instrument, a copy of which instrument shall be delivered to the resigning Escrow Agent and the successor. If no successor shall have been so appointed and have accepted appointment within 30 days after the giving of such notice of resignation, the resigning Escrow Agent may petition any court of competent jurisdiction for the appointment of a successor.

Any bank, corporation or association into which the Escrow Agent may be merged or converted or with which it may be consolidated, or any bank, corporation or association resulting from any merger, conversion or consolidation to which the Escrow Agent shall be a party, or any bank, corporation or association succeeding to all or substantially all of the corporate trust business of the Escrow Agent shall be the successor of the Escrow Agent hereunder without the execution or filing of any paper

with any party hereto or any further act on the part of any of the parties hereto except on the part of any of the parties hereto where an instrument of transfer or assignment is required by law to effect such succession, anything herein to the contrary notwithstanding.

The City shall indemnify, defend and hold harmless the Escrow Agent and its officers, directors, employees, representatives and agents, from and against and reimburse the Escrow Agent for any and all claims, obligations, liabilities, losses, damages, actions, suits, judgments, reasonable costs and expenses (including reasonable attorneys' and agents' fees and expenses) of whatever kind or nature regardless of their merit, demanded, asserted or claimed against the Escrow Agent directly or indirectly relating to, or arising from, claims against the Escrow Agent by reason of its participation in the transactions contemplated hereby except to the extent caused by the Escrow Agent's negligence or willful misconduct. The provisions of the foregoing sentence shall survive the termination of this Agreement or the earlier resignation or removal of the Escrow Agent.

The Escrow Agent shall have the right to accept and act upon instructions, including funds transfer instructions ("Instructions") given pursuant to this Agreement and delivered using Electronic Means ("Electronic Means" means the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Escrow Agent, or another method or system specified by the Escrow Agent as available for use in connection with its services hereunder); provided, however, that the City shall provide to the Escrow Agent an incumbency certificate listing officers with the City to provide such Instructions ("Authorized Officers") and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the City, whenever a person is to be added or deleted from the listing. If the City elects to give the Escrow Agent Instructions using Electronic Means and the Escrow Agent in its discretion elects to act upon such Instructions, the Escrow Agent's understanding of such Instructions shall be deemed controlling. The City understands and agrees that the Escrow Agent cannot determine the identity of the actual sender of such Instructions and that the Escrow Agent shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Escrow Agent have been sent by such Authorized Officer. The City shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Escrow Agent and that the City and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the City. The Escrow Agent shall not be liable for any losses, costs or expenses arising directly or indirectly from the Escrow Agent's reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The City agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Escrow Agent, including without limitation the risk of the Escrow Agent acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Escrow Agent and that there may be more secure methods of transmitting Instructions than the method(s) selected by the City; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its

particular needs and circumstances; and (iv) to notify the Escrow Agent immediately upon learning of any compromise or unauthorized use of the security procedures.

The Escrow Agent shall furnish the City with periodic cash transaction statements that include detail for all investment transactions effected by the Escrow Agent or brokers selected by the City. Upon the City's election, such statements will be delivered via the Escrow Agent's online service and upon electing such service, paper statements will be provided only upon request. The City waives the right to receive brokerage confirmations of security transactions effected by the Escrow Agent as they occur, to the extent permitted by law. The City further understands that trade confirmations for securities transactions effected by the Escrow Agent will be available upon request and at no additional cost and other trade confirmations may be obtained from the applicable broker.

SECTION 7. *Termination of Agreement.* Upon the prepayment of the Prior Installment Payments and a corresponding amount of the Prior Bonds, and the payment of all fees, expense and charges of the Escrow Agent hereunder, this Agreement shall terminate and the Escrow Agent shall be discharged from any further obligation or responsibility.

SECTION 8. *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 9. *Applicable Law.* This Agreement shall be governed by and construed in accordance with the laws of the State of California.

SECTION 10. *Insurer as Third-Party Beneficiary.* Assured Guaranty Ltd. (as successor to Financial Security Assurance Inc.), as insurer of the 2001 Bonds, shall be a third-party beneficiary hereof and this Agreement shall not be amended in any material respect without its prior written consent.

SECTION 11. *Amendments* Subject to Section 10, this Agreement may not be amended except in writing by the parties hereto and with an opinion of nationally recognized bond counsel to the effect that the amendment will not result in loss of the exemption from federal income taxes of interest on any of the 2001 Bonds or the Refunding Bonds.

IN WITNESS WHEREOF, the parties have caused the execution and delivery of this Agreement by their duly authorized officers as of the date first set forth above.

CITY OF CALISTOGA

By: _____
Authorized Officer

**CALIFORNIA STATEWIDE
COMMUNITIES DEVELOPMENT
AUTHORITY**

By: _____
Authorized Officer

MUFG UNION BANK, N.A., *as Escrow
Agent and as 2001 Trustee*

By: _____
Authorized Officer

EXHIBIT A

FEDERAL SECURITIES

2001 Bonds Subaccount

Type of Security	Purchase Date	Maturity Date	First Int Pmt Date	Par Amount	Rate
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2005 Bonds Subaccount

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

ESCROW REQUIREMENTS

Identification of 2001 Installment Payments to be Prepaid

Payments to be Prepaid (October 1)	Amount Prepaid	Prepayment Date	Prepayment Price (% of Par Amount Prepaid)
2018 - 2022	\$ 630,000		100%
2023 - 2031	1,600,000		100
TOTAL	\$2,230,000		

Identification of 2001 Bonds to be Partially Redeemed Via Optional Redemption

Bond Maturity (October 1)	Principal Amount Redeemed	Redemption Date	Redemption Price (% of Par Amount Redeemed)
2022	\$ 630,000		100%
2031	1,600,000		100
TOTAL	\$2,230,000		

Identification of 2005 Installment Payments to be Prepaid

Payments to be Prepaid (October 1)	Amount Prepaid	Prepayment Date	Prepayment Price (% of Par Amount Prepaid)
2018			100%
2019			100
2020			100
2021			100
2022 - 2026			100
2027 - 2030			100
2031 - 2036			100
TOTAL			

Identification of 2005 Bonds to be Partially Redeemed Via Optional Redemption

Bond Maturity (October 1)	Principal Amount Redeemed	Redemption Date	Redemption Price (% of Par Amount Redeemed)
2018			100%
2019			100
2020			100
2021			100
2026			100
2030			100
2036			100
TOTAL			

**EXHIBIT C
FORM OF NOTICE OF PARTIAL REDEMPTION**

**NOTICE OF OPTIONAL PARTIAL REDEMPTION
TO THE OWNERS OF**

**\$12,495,000
CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY
WATER AND WASTEWATER REVENUE BONDS
(Pooled Financing Program)
Series 2001B**

<u>CUSIP No.*</u>	<u>Maturity (October 1)</u>	<u>Interest Rate</u>	<u>Amount of Partial Redemption</u>	<u>Prepayment Price</u>
	2022	5.125%	\$ 630,000	100%
	2031	5.000	1,600,000	100

** The Trustee shall not be held responsible for the selection or use of the CUSIP number, nor is any representation made as to its correctness. It is included solely for the convenience of the Holders.*

NOTICE IS HEREBY GIVEN that a portion of the above-referenced bonds (the "Bonds") have been called for optional redemption on _____, 2018 (the "Redemption Date") in accordance with the terms of the Indenture, dated as of August 1, 2001, by and between the California Statewide Communities Development Authority, and Union Bank of California, N.A. (now known as MUFG Union Bank, N.A.), as trustee (the "Trustee"), at a redemption price equal to the principal amount thereof, plus accrued interest to the Redemption Date, without premium (together, the "Redemption Price"). Interest will not accrue on the portion of the Bonds to be redeemed after the Redemption Date.

Payment of the Redemption Price on the portion of the Bonds called for redemption will be paid upon presentation of the Bonds at the Principal Corporate Trust Office of the Trustee in the following manner:

Delivery Instructions:

MUFG Union Bank, N.A.
Corporate Trust Department
445 S. Figueroa Street, Suite 401
Los Angeles, California 90071

IMPORTANT NOTICE

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

Dated: _____, 2018

MUFG UNION BANK, N.A.

as Trustee

**NOTICE OF OPTIONAL PARTIAL REDEMPTION
TO THE OWNERS OF**

**\$17,795,000
CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY
WATER AND WASTEWATER REVENUE BONDS
(Pooled Financing Program)
Series 2005D**

<u>CUSIP No.*</u>	<u>Maturity (October 1)</u>	<u>Interest Rate</u>	<u>Amount of Partial Redemption</u>	<u>Prepayment Price</u>
	2018			100%
	2019			100
	2020			100
	2021			100
	2026			100
	2030			100
	2036			100

** The Trustee shall not be held responsible for the selection or use of the CUSIP number, nor is any representation made as to its correctness. It is included solely for the convenience of the Holders.*

NOTICE IS HEREBY GIVEN that a portion of the above-referenced bonds (the "Bonds") have been called for optional redemption on _____, 2018 (the "Redemption Date") in accordance with the terms of the Indenture, dated as of November 1, 2005, by and between the California Statewide Communities Development Authority, and Union Bank of California, N.A. (now known as MUFG Union Bank, N.A.), as trustee (the "Trustee"), at a redemption price equal to the principal amount thereof, plus accrued interest to the Redemption Date, without premium (together, the "Redemption Price"). Interest will not accrue on the portion of the Bonds to be redeemed after the Redemption Date.

Payment of the Redemption Price on the portion of the Bonds called for redemption will be paid upon presentation of the Bonds at the Principal Corporate Trust Office of the Trustee in the following manner:

Delivery Instructions:

MUFG Union Bank, N.A.
Corporate Trust Department
445 S. Figueroa Street, Suite 401
Los Angeles, California 90071

IMPORTANT NOTICE

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Dated: _____, 2018

MUFG UNION BANK, N.A.

as Trustee