

ESCROW AGREEMENT

THIS ESCROW AGREEMENT (the "Agreement") is dated as of May 1, 2016, and is entered into by and between the MT. DIABLO UNIFIED SCHOOL DISTRICT (the "School District") and U.S. BANK NATIONAL ASSOCIATION, a national banking association having a corporate trust office in San Francisco, California, as escrow agent (the "Escrow Agent").

WITNESSETH:

A. The School District previously formed the Mt. Diablo Unified School District Community Facilities District No. 1 (the "District") under the Mello-Roos Community Facilities Act of 1982, as amended (Section 53311, et seq. of the California Government Code) (the "Act"), and under the Act, the Board of Education of the School District (the "Board") acts as legislative body of the District.

B. Under the Act, the Board, as legislative body of the District, issued the special tax bonds for the District set forth on Exhibit A (collectively, the "Prior Bonds") under a resolution of the Board described on Exhibit A (the "Prior Bonds Resolution").

C. It is now the intent of the School District to issue a series of special tax refunding bonds as set forth on Exhibit A (the "Refunding Bonds"), under a fiscal agent agreement as set forth on Exhibit A (the "Refunding Bonds Fiscal Agent Agreement"), by and between the School District, on behalf of itself and the District, and U.S. Bank National Association, as fiscal agent (the "Refunding Bonds Fiscal Agent"), in order to refund and defease the Prior Bonds.

D. The Refunding Bonds will be sold to Stifel, Nicolaus & Company, Incorporated and Brandis Tallman LLC as underwriters of the Refunding Bonds.

E. The School District wishes to enter into this Agreement to provide for the net proceeds of the sale of the Refunding Bonds, together with other available funds held with respect to the Prior Bonds, to be deposited in an irrevocable escrow fund created and maintained with the Escrow Agent for the purpose of providing for the payment in full of the principal, interest and redemption premium, if any, on the outstanding Prior Bonds.

F. The Escrow Agent has full power to act with respect to said escrow fund and to perform the duties and obligations to be undertaken pursuant to this Agreement.

NOW, THEREFORE, in consideration of the foregoing and of the mutual promises hereinafter set forth and for other valuable consideration, the School District and the Escrow Agent agree as follows:

Section 1. Establishment of Escrow Fund; Deposit of Funds. The School District hereby appoints the Escrow Agent to act as escrow agent for purposes of administering the funds required to redeem and defease the Prior Bonds in accordance with the Prior Bonds Resolution.

The Escrow Agent is hereby directed to establish a special fund to be named the "Escrow Fund" to be held by the Escrow Agent as an irrevocable escrow fund securing the payment of the Prior Bonds.

On _____, 2016 (the "Closing Date"), the Escrow Agent shall deposit in the Escrow Fund the following:

(a) the amounts set forth on Exhibit B, representing the net proceeds of the Refunding Bonds transferred to the Escrow Agent by the Refunding Bonds Fiscal Agent, and

(b) certain other funds related to each series of Prior Bonds, in the amounts set forth on Exhibit B, which U.S. Bank National Association, in its capacity as paying agent for the Prior Bonds (the "Prior Bonds Paying Agent"), is hereby directed to transfer to the Escrow Agent.

If at any time the Escrow Agent receives actual knowledge that the moneys in the Escrow Fund will not be sufficient to make any payment required hereunder, the Escrow Agent shall notify the School District and the School District shall promptly cure such deficiency. The Escrow Agent shall not be liable for any such deficiency.

Section 2. Investment of Amounts in Escrow Fund. The Escrow Agent shall hold all amounts on deposit in the Escrow Fund in the Federal Securities identified in Exhibit C hereto, and hold the remaining \$_____ in cash, uninvested.

Section 3. Application of Amounts in Escrow Fund. The Escrow Agent is hereby instructed to withdraw from the Escrow Fund and transfer to the Prior Bonds Paying Agent the amounts required to pay the principal of and interest and redemption premium (if any) on the Prior Bonds in accordance with the schedule attached as Exhibit D hereto.

Section 4. Notice of Refunding; Notice of Defeasance.

(a) The Prior Bonds Paying Agent is hereby instructed to mail and file a notice of redemption for each series of Prior Bonds, in substantially the forms set forth on Exhibit E, by the dates and to the recipients set forth in, and otherwise pursuant to the requirements of the Prior Bonds Resolution. This Agreement shall serve as written notice to the Prior Bonds Paying Agent regarding the intention of the School District to redeem the Prior Bonds in accordance with Section ___ of the Prior Bonds Resolution.

(b) On the Closing Date, the Escrow Agent is hereby instructed to file a notice of defeasance with respect to each series of Prior Bonds, in substantially the forms set forth on Exhibit F, with the Municipal Securities Rulemaking Board's EMMA System.

Section 5. Records. The Escrow Agent will keep books of record and account in which complete and correct entries shall be made of all transactions relating to the receipts, disbursements, allocations and application of the money held by the Escrow Agent hereunder, and such books shall be available for inspection at reasonable hours and under reasonable conditions with reasonable prior notice by the owners of the Prior Bonds and the Refunding Bonds.

Section 6. Proper Filings. The School District will, at its expense, execute, acknowledge, deliver or file this Agreement and any assignments, transfers, financing statements, continuation statements, and assurances required to carry out the intention or facilitate the performance of the terms of this Agreement.

Section 7. Discharge. The covenants, liens and pledges entered into, created or imposed pursuant to this Agreement shall be fully discharged and satisfied when all of the Prior Bonds have been paid in full as to principal, premium and interest. Upon such discharge and satisfaction this Agreement shall cease, terminate and become null and void.

Section 8. Termination; Unclaimed Funds. Notwithstanding any other provision of this Agreement, any money held by the Prior Bonds Paying Agent for the payment of the principal of, premium and interest on the Prior Bonds and remaining unclaimed for 2 years after specified redemption date of all of the Prior Bonds shall then be repaid to the School District upon its written request, and the registered owners of the Prior Bonds shall thereafter be entitled to look only to the School District for the repayment thereof, and liability of the Escrow Agent with respect to such money shall thereupon cease. If any such money is repaid to the School District as described in the prior sentence, the registered owners of the Prior Bonds secured hereby with respect to which such money was deposited shall thereafter be deemed to be unsecured creditors of the School District, without interest.

Notwithstanding the foregoing, the Escrow Agent shall, upon the written request of the School District, repay such money to the School District at any time earlier than 2 years if failure to repay such money to the School District, within such earlier period, will give rise to the operation of any escheat statute under applicable California law.

Any unclaimed funds repaid to the School District shall be applied by the School District as a credit against debt service on the Refunding Bonds.

Section 9. No Implied Duties; No Rights to Others. Nothing in this Agreement expressed or implied is intended or shall be construed to give any legal or equitable right, remedy or claim under or in respect to this Agreement, or any covenants, conditions or provisions contained in this Agreement, to any person other than the School District, the Escrow Agent, the Prior Bonds Paying Agent, and the registered owners of the Prior Bonds. All covenants, conditions and provisions contained in this Agreement are and shall be held to be for the sole and exclusive benefit of the School District, the Escrow Agent, the Prior Bonds Paying Agent and the registered owners of the Prior Bonds. The Escrow Agent shall perform such duties and only such duties as are specifically set forth in this Agreement, and no implied covenants or obligations shall be read into this Agreement against the Escrow Agent.

Section 10. Immunities and Liabilities of Escrow Agent.

(A) The Escrow Agent shall not have any liability hereunder except to the extent of its own negligence or willful misconduct. The Escrow Agent is not required to resolve conflicting demands to money or property in its possession under this Agreement.

(B) The Escrow Agent may consult with counsel of its own choice (which may be counsel to the School District or the District) and the opinion of such counsel shall be full and complete authorization to take or suffer in good faith any action hereunder in accordance with such opinion of counsel.

(C) The Escrow Agent shall not be responsible for any of the recitals or representations contained herein or in any Refunding Bonds Fiscal Agent Agreement.

(D) The Escrow Agent may become the owner of, or acquire any interest in, any of the Prior Bonds with the same rights that it would have if it were not the Escrow Agent, and may engage or be interested in any financial or other transaction with the School District or the District.

(E) The Escrow Agent shall not be liable for the accuracy of any calculations provided as to the sufficiency of the moneys deposited with it to pay the principal, interest or premiums, if any, on the Prior Bonds and shall not be liable for any insufficiency of such moneys and securities to affect such payment.

(F) The Escrow Agent shall not be liable for any action or omission of the School District or any District under this Agreement or the Refunding Bonds Fiscal Agent Agreement.

(G) Whenever in the administration of this Agreement the Escrow Agent may deem it necessary or desirable that a matter be proved or established before taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be specifically prescribed in this Agreement) may, in the absence of negligence or willful misconduct on the part of the Escrow Agent, be deemed to be conclusively proved and established by one or more certificates of an authorized official of the School District, and such certificates shall, in the absence of negligence or willful misconduct on the part of the Escrow Agent, be full warrant to the Escrow Agent for any action taken or suffered by it under the provisions of this Agreement upon the faith thereof.

(H) The Escrow Agent may at any time resign by giving prior written notice to the School District. The School District shall promptly appoint a successor Escrow Agent. Resignation of the Escrow Agent will be effective only upon acceptance of appointment by a successor Escrow Agent. If the School District does not appoint a successor Escrow Agent, the Escrow Agent may petition any court of competent jurisdiction for the appointment of a successor Escrow Agent, and such court may appoint a successor Escrow Agent after such notice, if any, has been given as the court may deem proper and as may be required by law. After receiving a notice of resignation of an Escrow Agent, the School District may appoint a temporary Escrow Agent to replace the resigning Escrow Agent until the School District appoints a successor Escrow Agent. Any such temporary Escrow Agent so appointed shall immediately and without further act be superseded by the successor Escrow Agent so appointed.

(I) The School District agrees to indemnify the Escrow Agent, its agents officers and employees for, and to hold the Escrow Agent, its agents, officers and employees harmless from and against, any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims, costs, expenses and disbursements of any kind or nature whatsoever (including, without limitation, reasonable fees and disbursements of counsel, including in-house counsel, for the Escrow Agent) which may be imposed on, incurred by, or asserted against the Escrow Agent at any time by reason of the performance of its duties as Escrow Agent hereunder, in any transaction arising out of this Agreement or any of the transactions contemplated herein or in the Refunding Bonds Fiscal Agent Agreement, unless due to the negligence or willful misconduct of the Escrow Agent, its agents officers or employees. Such indemnity shall survive the termination of this Agreement or resignation or removal of the Escrow Agent.

(J) All notices, certificates or other communications to be delivered to the Escrow Agent shall be addressed to the Escrow Agent at:

U.S. Bank National Association
633 West Fifth Street, 24th Floor
Los Angeles, CA 90071
Attention: Global Corporate Trust Services
Reference: Mt. Diablo USD CFD Refunding

Section 11. Waiver of Notice. Whenever in this Agreement the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person entitled to receive such notice and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Section 12. Fees. The Escrow Agent's fees, expenses and reimbursement for costs incurred for and in carrying out its duties under this Agreement have been fixed by separate agreement. The Escrow Agent shall also be entitled to additional fees, expenses and reimbursement for costs incurred in connection with any litigation involving this Agreement and the performance of its duties and exercise of its powers hereunder, including but not limited to legal and accounting services. The fees incurred by the Escrow Agent shall in no event be deducted from the Escrow Fund.

Section 13. Severability. If any one or more of the provisions contained in this Agreement is for any reason held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Agreement, but this Agreement shall be construed as if such invalid or illegal or unenforceable provisions has never been contained herein.

Section 14. Counterparts. This Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and such counterparts, or as many of them as the School District and the Escrow Agent preserve undestroyed, shall together constitute but one and the same instrument.

Section 15. Business Days. Whenever any act is required by this Agreement to be done on a specified day or date, and such day or date falls on a day other than a business day, then such act may be done on the next succeeding business day.

Section 16. California Law. This Agreement shall be governed exclusively by and interpreted in accordance with, the laws of the State of California.

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

MT. DIABLO UNIFIED SCHOOL DISTRICT

By: _____
President of the Board of Education of the Mt.
Diablo Unified School District, on behalf of itself
and Mt. Diablo Unified School District
Community Facilities District No. 1

U.S. BANK NATIONAL ASSOCIATION,
as Escrow Agent

By: _____
Authorized Officer

**ACKNOWLEDGEMENT OF U.S. BANK NATIONAL ASSOCIATION,
AS PRIOR BONDS PAYING AGENT**

U.S. Bank National Association, as Prior Bonds Paying Agent, hereby acknowledges the provisions of this Agreement and, to the extent such provisions are applicable, U.S. Bank National Association, in its capacity as Prior Bonds Paying Agent, agrees to comply therewith.

U.S. BANK NATIONAL ASSOCIATION,
as Prior Bonds Paying Agent

By: _____
Authorized Officer

EXHIBIT A

PRIOR BONDS AND REFUNDING BONDS

Prior Bonds	<ul style="list-style-type: none">• \$15,760,000 Mt. Diablo Unified School District Community Facilities District No. 1 Series 2005 Special Tax Revenue and Refunding Bonds (the “2005 Bonds”); and• \$29,995,000 Mt. Diablo Unified School District Community Facilities District No. 1 Series 2006 Special Tax Refunding Bonds (the “2006 Bonds”)
Prior Bonds Resolution	Resolution No. 1:8-7-90-91 adopted by the legislative body of the District on August 7, 1990, as subsequently supplemented and amended, including as supplemented by Resolution No. 04/05-48 adopted on May 10, 2005 and Resolution No. 05/06-79 adopted on May 23, 2006
Refunding Bonds	Mt. Diablo Unified School District Community Facilities District No. 1 Series 2016 Special Tax Refunding Bonds
Refunding Bonds Fiscal Agent Agreement	Fiscal Agent Agreement, dated as of _____, 2016, by and between the School District, on behalf of itself and the District, and the Fiscal Agent

EXHIBIT B

DEPOSITS TO ESCROW FUND

Net Proceeds of Refunding Bonds	\$
2005 Bonds Reserve Fund	
2006 Bonds Reserve Fund	
Prior Bonds Redemption Account	
Total deposit:	<u>\$</u>

EXHIBIT C
DESCRIPTION OF FEDERAL SECURITIES

EXHIBIT D

PAYMENT AND REDEMPTION SCHEDULE OF PRIOR BONDS

1. 2005 Bonds

<u>Payment Date</u>	<u>Interest</u>	<u>Maturing Principal</u>	<u>Principal Redeemed</u>	Premium	<u>Total Payment</u>
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2. 2006 Bonds

<u>Payment Date</u>	<u>Interest</u>	<u>Maturing Principal</u>	<u>Principal Redeemed</u>	Premium	<u>Total Payment</u>
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EXHIBIT E

**FORMS OF
NOTICE OF FULL OPTIONAL REDEMPTION**

**Mt. Diablo Unified School District
Community Facilities District No. 1
_____ Special Tax [Revenue and] Refunding Bonds**

Maturity Date **Date of Issuance:** _____, 20__
Amount Interest Rate *CUSIP No.

**The Undersigned shall not be held responsible for the selection or use of the CUSIP number, nor is any representation made as to its correctness indicated in the Redemption Notice. It is included solely for the convenience of the Bond holders.*

NOTICE IS HEREBY GIVEN that all of the above described bonds (the "Bonds") have been called for optional redemption on August 1, 2016 (the "Redemption Date") pursuant to Section ___ of Resolution No. 1:8-7-90-91 adopted by Board of Education of the Mt. Diablo Unified School District, as the legislative body of the Mt. Diablo Unified School District Community Facilities District No. 1 on August 7, 1990, as subsequently supplemented and amended (the "Bond Resolution"), including as supplemented by Resolution No. 04/05-48 adopted on May 10, 2005 and Resolution No. 05/06-79 adopted on May 23, 2006, 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 Bonds after the Redemption Date.

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

Delivery Instructions:

U.S. Bank
Global Corporate Trust Services
111 Fillmore Ave E
St. Paul, MN 55107

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: _____, 2016

**U.S. Bank National Association,
as Paying Agent**

EXHIBIT F

**FORMS OF
NOTICE OF DEFEASANCE**

**Mt. Diablo Unified School District
Community Facilities District No. 1
_____ Special Tax [Revenue and] Refunding Bonds**

Date of Issuance: _____, 20__

Maturity Date Amount Interest Rate *CUSIP No.

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

NOTICE IS HEREBY GIVEN that all of the above-described bonds (the "Bonds") have been defeased and discharged under and within the meaning of Resolution No. 1:8-7-90-91 adopted by Board of Education of the Mt. Diablo Unified School District, as the legislative body of the Mt. Diablo Unified School District Community Facilities District No. 1 on August 7, 1990, as subsequently supplemented and amended (the "Bond Resolution"), including as supplemented by Resolution No. 04/05-48 adopted on May 10, 2005 and Resolution No. 05/06-79 adopted on May 23, 2006. Funds for the payment of the Bonds have been deposited in escrow with U.S. Bank National Association, as escrow agent ("Escrow Agent"), and the sufficiency of the funds for the purpose of paying the principal of and interest on the Bonds has been verified by an independent certified public accountant. As a consequence of the foregoing actions and in accordance with the Bond Resolution, the Bonds are no longer secured by a pledge of revenues under the Bond Resolution, and the Bonds are now payable solely from the moneys set aside in escrow as described above.

The District has irrevocably elected to redeem all of the outstanding Bonds on August 1, 2016.

Dated: _____, 2016

**U.S. Bank National Association,
as Escrow Agent**