
ESCROW AGREEMENT

by and between the

COACHELLA WATER AUTHORITY

and

U.S. BANK NATIONAL ASSOCIATION,
as Defeased Bonds Trustee and
as Escrow Agent

Dated as of May 1, 2022

Pertaining to the Defeasance of
All of the Currently Outstanding

Coachella Water Authority
Water Revenue Refunding Bonds, 2012 Series

ESCROW AGREEMENT

This Escrow Agreement (the “Agreement”), made and entered into as of May 1, 2022, by and between the COACHELLA WATER AUTHORITY, a joint exercise of powers agency organized and existing under, and by virtue of the laws of the State of California (the “Authority”), and U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, as Escrow Agent and as Defeased Bonds Trustee (the “Escrow Agent”);

WITNESSETH:

WHEREAS, the Authority has previously issued its Water Revenue Refunding Bonds, 2012 Series (the “2012 Bonds”); and

WHEREAS, the Authority has approved the issuance of its Water Revenue Refunding Bonds, 2022B Series (the “Refunding Bonds”), a portion of the proceeds of which are to be used, together with certain other available funds, to defease and redeem all of the 2012 Bonds (collectively, such defeased bonds shall be referred to herein as the “Defeased Bonds”); and

NOW, THEREFORE, in consideration of the mutual premises contained herein and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. As used herein, the following terms shall have the following meanings:

“Code” means the Internal Revenue Code of 1986.

“Defeased Bonds Indenture” means the Indenture of Trust pursuant to which the Defeased Bonds were issued.

“Escrow Fund” means the Escrow Fund established and held by the Escrow Agent pursuant to Section 3 hereof.

“Escrow Requirements” means an amount sufficient to pay the principal of, redemption price, and interest on the Defeased Bonds through and including the Redemption Date, as shown on Exhibit A hereto.

“Escrow Securities” means such securities eligible to be used to defease the Defeased Bonds under the Defeased Bonds Indenture and deposited in the Escrow Fund pursuant to Section 5 hereof.

“Redemption Date” means August 1, 2022.

SECTION 2. The Authority hereby appoints U.S. Bank National Association, as Escrow Agent under this Agreement for the benefit of the holders of the Defeased Bonds. The Escrow Agent hereby accepts the duties and obligations of Escrow Agent under this Agreement and agrees that the irrevocable instructions to the Escrow Agent herein provided are in a form

satisfactory to it. The applicable and necessary provisions of the Defeased Bonds Indenture, including particularly the redemption provisions thereof, are incorporated herein by reference. Reference herein to, or citation herein of, any provisions of the Defeased Bonds Indenture shall be deemed to incorporate the same as a part hereof in the same manner and with the same effect as if the same were fully set forth herein.

SECTION 3. Pursuant to this Agreement, there is created and established with the Escrow Agent special and irrevocable trust fund designated the Escrow Fund to be held by the Escrow Agent separate and apart from all other funds and accounts, and used only for the purposes and in the manner provided in this Agreement.

SECTION 4. The Authority herewith deposits, or causes to be deposited, with the Escrow Agent into the Escrow Fund, to be held in irrevocable trust by the Escrow Agent and to be applied solely as provided in this Agreement, the sum of \$_____, as follows:

- (i) from the proceeds of the Refunding Bonds, the sum of \$_____; and
- (ii) from moneys held by the Defeased Bonds Trustee pursuant to the Defeased Bonds Indenture, the sum of \$_____ consisting of amounts held in a _____ fund established thereunder.

SECTION 5. The Escrow Agent acknowledges receipt of the moneys described in Section 4. The Escrow Agent agrees immediately to invest \$_____ of amounts in the Escrow Fund in the Escrow Securities set forth in Exhibit B hereto, and to retain the amounts of \$_____ uninvested. Such amounts shall be applied by the Escrow Agent to the payment of the Escrow Requirements for the equal and ratable benefit of the holders of the Defeased Bonds.

The Escrow Agent shall not have the power to sell, transfer, request the redemption of or otherwise dispose of some or all of the Escrow Securities in the Escrow Fund or to substitute other Escrow Securities therefor.

The Escrow Agent shall furnish the Authority periodic cash transaction statements which include detail for all investment transactions effected by the Escrow Agent or brokers selected by the Authority. Upon the Authority'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 Authority 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 Authority 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 6. The Authority hereby directs and the Escrow Agent hereby agrees that the Escrow Agent will perform all the duties expressly required to be taken by it hereunder. The liability of the Escrow Agent for the payment of the Escrow Requirements shall be limited to the application, in accordance with this Agreement, of the moneys and Escrow Securities available for such purposes in the Escrow Fund.

SECTION 7. The Authority irrevocably instructs the Escrow Agent (i) to pay to the Defeased Bonds Trustee from amounts held in the Escrow Fund, such amounts as are required for payment of principal of and interest on the Defeased Bonds coming due through and including the Redemption Date, as shown on Exhibit A hereto; and (ii) to pay to the Defeased Bonds Trustee from amounts held in the Escrow Fund, the amount equal to the redemption price of the remaining principal amount of the Defeased Bonds called for redemption on the Redemption Date, plus interest accrued thereon to the Redemption Date, all as shown on Exhibit A hereto. The Authority irrevocably instructs the Defeased Bonds Trustee under the Defeased Bonds Indenture to mail a notice of redemption of the Defeased Bonds as provided therein in the form attached as Exhibit C hereto. In addition, the Authority irrevocably instructs the Defeased Bonds Trustee under the Defeased Bonds Indenture to mail a notice of defeasance of the Defeased Bonds as provided therein in the form attached as Exhibit D hereto on _____, 2022 or as soon as practicable thereafter and in any event not later than 10 business days after _____, 2022.

SECTION 8. The trust hereby created shall be irrevocable and the holders of the Defeased Bonds shall have an express lien limited to all moneys and Escrow Securities in the Escrow Fund, including the interest earnings thereon, until paid out, used and applied in accordance with this Agreement.

SECTION 9. This Agreement is made pursuant to and in furtherance of the Defeased Bonds Indenture and for the benefit of the Authority and the holders from time to time of the Defeased Bonds and it shall not be repealed, revoked, altered, amended or supplemented without the written consent of all such holders and the written consent of the Escrow Agent and the Authority; provided, however, that the Authority and the Escrow Agent may, without the consent of, or notice to, such holders enter into such amendments or supplements as shall not be inconsistent with the terms and provisions of this Agreement, for any one or more of the following purposes:

- (a) to cure an ambiguity or formal defect or omission in this Agreement;
- (b) to grant to, or confer upon, the Escrow Agent for the benefit of the holders of the Defeased Bonds, any additional rights, remedies, powers or agency that may lawfully be granted to, or conferred upon, such holders or the Escrow Agent; and
- (c) to transfer to the Escrow Agent and make subject to this Agreement additional funds, securities or properties.

The Escrow Agent and Defeased Bonds Trustee shall be entitled to conclusively rely upon an unqualified opinion of nationally recognized bond counsel with respect to compliance with this Section, including the extent, if any, to which any change, modification or addition affects the rights of the holders of the Defeased Bonds, or that any instrument executed hereunder complies with the conditions and provisions of this Section.

SECTION 10. In consideration of the services rendered by the Escrow Agent under this Agreement, the Authority agrees to and shall pay to the Escrow Agent its fees, plus expenses, including all reasonable expenses, charges, counsel fees and other disbursements incurred by it or by its attorneys, agents and employees in and about the performance of their powers and duties hereunder, and the Escrow Agent shall have no lien whatsoever upon any of the moneys or Escrow Securities in the Escrow Fund for the payment of such proper fees and expenses.

SECTION 11. The Escrow Agent at the time acting hereunder may at any time resign and be discharged from the trusts hereby created by giving not less than 60 days' written notice to the Authority and the Defeased Bonds Trustee, specifying the date when such resignation will take effect in the same manner as a notice is to be mailed pursuant to Section 7 hereof, but no such resignation shall take effect unless a successor Escrow Agent shall have been appointed by the holders of the Defeased Bonds or by the Authority as hereinafter provided and such successor Escrow Agent shall have accepted such appointment, in which event such resignation shall take effect immediately upon the appointment and acceptance of a successor Escrow Agent.

The Escrow Agent may be removed at any time by an instrument or concurrent instruments in writing, delivered to the Escrow Agent and to the Authority and the Defeased Bonds Trustee and signed by the holders of a majority in principal amount of the Defeased Bonds.

In the event the Escrow Agent hereunder shall resign or be removed, or be dissolved, or shall be in the course of dissolution or liquidation, or otherwise become incapable of acting hereunder, or in the case the Escrow Agent shall be taken under the control of any public officer or officers, or of a receiver appointed by a court, a successor Escrow Agent may be appointed by the holders of a majority in principal amount of the Defeased Bonds, by an instrument or concurrent instruments in writing, signed by such holders, or by their attorneys-in-fact, duly authorized in writing; provided, nevertheless, that in any such event, the Authority shall appoint a temporary Escrow Agent to fill such vacancy until a successor Escrow Agent shall be appointed by the holders of a majority in principal amount of the Defeased Bonds, and any such temporary Escrow Agent so appointed by the Authority shall immediately and without further act be superseded by the Escrow Agent so appointed by such holders.

In the event that no appointment of a successor Escrow Agent or a temporary successor Escrow Agent shall have been made by such holders or the Authority pursuant to the foregoing provisions of this Section within 60 days after written notice of the removal or resignation of the Escrow Agent has been given to the Authority, the holder of any of the Defeased Bonds or any retiring Escrow Agent may apply to any court of competent jurisdiction for the appointment of a successor Escrow Agent, and such court may thereupon, after such notice, if any, as it shall deem proper, appoint a successor Escrow Agent.

No successor Escrow Agent shall be appointed unless such successor Escrow Agent shall be a corporation or institution with trust powers organized under the financial institution laws of the United States or any state, and shall have at the time of appointment capital and surplus of not less than \$50,000,000. For purpose of this Section 11, a corporation or institution with trust powers organized under the financial institution laws of the United States of America or any

state shall be deemed to have combined capital and surplus of at least \$50,000,000 if it has a combined capital surplus of at least \$20,000,000 and is a wholly-owned subsidiary of a corporation having a combined capital and surplus of at least \$50,000,000.

Every successor Escrow Agent appointed hereunder shall execute, acknowledge and deliver to its predecessor and to the Authority, an instrument in writing accepting such appointment hereunder and thereupon such successor Escrow Agent without any further act, deed or conveyance, shall become fully vested with all the rights, immunities, powers, trust, duties and obligations of its predecessor; but such predecessor shall, nevertheless, on the written request of such successor Escrow Agent or the Authority execute and deliver an instrument transferring to such successor Escrow Agent all the estates, properties, rights, powers and trusts of such predecessor hereunder; and every predecessor Escrow Agent shall deliver all moneys and Escrow Securities held by it to its successor. Should any transfer, assignment or instrument in writing from the Authority be required by any successor Escrow Agent for more fully and certainly vesting in such successor Escrow Agent the estates, rights, powers and duties hereby vested or intended to be vested in the predecessor Escrow Agent, any such transfer, assignment and instrument in writing shall, on request, be executed, acknowledged and delivered by the Authority.

Any corporation or association into which the Escrow Agent, or any successor to it in the trusts created by this Agreement, may be merged or converted or with which it or any successor to it may be consolidated, or any corporation resulting from any merger, conversion, consolidation or reorganization to which the Escrow Agent or any successor to it shall be a party or any successor to a substantial portion of the Escrow Agent's corporate trust business, shall, if it meets the qualifications set forth in the fifth paragraph of this Section, be the successor Escrow Agent under this Agreement without the execution or filing of any paper or any other act on the part of any of the parties hereto, anything herein to the contrary notwithstanding. The liability of the Escrow Agent to make payments required in the Agreement shall be limited to the moneys and Escrow Securities in the Escrow Fund.

SECTION 12. The Escrow Agent shall have no power or duty to invest any funds held under this Agreement except as provided in Sections 4 and 5 hereof. The Escrow Agent shall have no power or duty to transfer or otherwise dispose of the moneys or Escrow Securities held hereunder except as provided in this Agreement.

SECTION 13. To the extent permitted by law, the Authority hereby assumes liability for, and hereby agrees (whether or not any of the transactions contemplated hereby are consummated) to indemnify, protect, save and keep harmless the Escrow Agent and its 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 Agent at any time (whether or not also indemnified against the same by 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, the purchase of any securities to be purchased pursuant thereto, the retention of such securities or the proceeds thereof and any

payment, transfer or other application of moneys or securities by the Escrow Agent in accordance with the provisions of this Agreement. The Authority shall not be required to indemnify the Escrow Agent against the Escrow Agent's own negligence or willful misconduct or the negligence or willful misconduct of the Escrow Agent's successors, assigns, agents and employees or the material breach by the Escrow Agent of the terms of this Agreement. In no event shall the Authority or the Escrow Agent 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 Agent. The Authority shall pay the Escrow Agent full compensation for its duties 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 of any Escrow 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.

SECTION 14. The recitals of fact contained in the "Whereas" clauses herein shall be taken as the statements of the Authority, and the Escrow Agent assumes no responsibility for the correctness thereof. The Escrow Agent makes no representation as to the sufficiency of the moneys and the Escrow Securities to accomplish the redemption of the Defeased Bonds pursuant to the Defeased Bonds Indenture or to the validity of this Agreement as to the Authority and, except as otherwise provided herein, the Escrow Agent shall incur no liability in respect thereof. The Escrow Agent shall not be liable in connection with the performance of its duties under this Agreement except for its own negligence or willful misconduct or the negligence or willful misconduct of the Escrow Agent's successors, assigns, agents and employees, and the duties and obligations of the Escrow Agent shall be determined by the express provisions of this Agreement. The Escrow Agent may consult with counsel, who may or may not be counsel to the Authority, and in reliance upon the written opinion of such counsel shall have full and complete authorization and protection in respect of any action taken, suffered or omitted by it in good faith in accordance therewith. Whenever the Escrow Agent 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 (except the matters set forth herein as specifically requiring a certificate of a nationally recognized firm of independent certified public accountants or an opinion of nationally recognized bond counsel) may be deemed to be conclusively established by a written certification of the Authority. Whenever the Escrow Agent shall deem it necessary or desirable that a matter specifically requiring a certificate of a nationally recognized firm of independent certified public accountants or an opinion of nationally recognized bond counsel be proved or established prior to taking, suffering, or omitting any such action, such matter may be established only by such a certificate or such an opinion. The Escrow Agent shall incur no liability for losses arising from any investment made pursuant to this Agreement.

No provision of this Agreement shall require the Escrow Agent 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.

SECTION 15. This Agreement shall terminate upon payment of all Defeased Bonds on the Redemption Date. Upon such termination, all moneys and Escrow Securities remaining in

the Escrow Fund after payment of all fees and expenses of the Escrow Agent shall be released to the Authority.

SECTION 16. This Agreement is made in the State of California under the Constitution and laws of the State of California and is to so be construed.

SECTION 17. If any one or more of the covenants or agreements provided in this Agreement on the part of the Authority or the Escrow Agent to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement shall be deemed and construed to be severable from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement.

All the covenants, promises and agreements in this Agreement contained by or on behalf of the Authority or by or on behalf of the Escrow Agent shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

SECTION 18. 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.

IN WITNESS WHEREOF, the parties hereto have caused this Escrow Agreement to be executed by their duly authorized officers as of the date first-above written.

COACHELLA WATER AUTHORITY

By _____
Executive Director

U.S. BANK NATIONAL ASSOCIATION,
as Escrow Agent and as Defeased Bonds Trustee

By _____
Authorized Officer

EXHIBIT A
ESCROW REQUIREMENTS

EXHIBIT B
SCHEDULE OF ESCROW SECURITIES

Exhibit C

Notice of Optional Redemption

**COACHELLA WATER AUTHORITY
WATER REVENUE REFUNDING BONDS, 2012 SERIES**

<u>Maturity (August 1)</u>	<u>Principal Amount</u>	<u>Redemption Price</u>	<u>CUSIP</u>
2023	510,000	100	18979PBD4
2024	530,000	100	18979PBE2
2027	1,690,000	100	18979PBF9
2032	3,350,000	100	18979PBG7

NOTICE IS HEREBY GIVEN to the owners of the above-captioned bonds (the “**Bonds**”) of the Coachella Water Authority (the “**Authority**”) in accordance with that certain Indenture of Trust, dated as of December 1, 2012 (the “**Indenture**”), by and between the Authority and U.S. Bank National Association, as successor to Union Bank, N.A., as trustee (the “**Trustee**”), pursuant to which such Bonds were issued, that all of the Bonds have been called for redemption on August 1, 2022 (the “**Redemption Date**”), pursuant to the provisions of the governing documents of the Bonds.

On said Redemption Date there will become due and payable the Redemption Price of the Bonds, in the specified portion of the principal amount above, together with interest accrued thereon to the Redemption Date, and that from and after such Redemption Date interest thereon shall cease to accrue. Payment of the Redemption Price on the Bonds called for redemption will be paid only upon presentation and surrender thereof in the following manner:

Owners of the Bonds should surrender said Bonds on the redemption date at the following address:

By Mail, Hand or Overnight:

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

IMPORTANT NOTICE. Federal law requires the Trustee to withhold taxes at the applicable rate from the payment if an IRS Form W-9 or applicable IRS Form W-8 is not provided. Please visit www.irs.gov for additional information on the tax forms and instructions.

Neither the Authority nor the Trustee shall be held responsible for the selection or use of the CUSIP number, nor is any representation made as to its corrections indicated in this Notice of Redemption. It is included solely for convenience of the owners of the Bonds.

DATED: _____, 2022

U.S. BANK NATIONAL ASSOCIATION, as Trustee

Exhibit D

NOTICE OF DEFEASANCE

**COACHELLA WATER AUTHORITY
WATER REVENUE REFUNDING BONDS, 2012 SERIES**

<u>Maturity (August 1)</u>	<u>Principal Amount</u>	<u>CUSIP</u>
2022	490,000	18979PBC6
2023	510,000	18979PBD4
2024	530,000	18979PBE2
2027	1,690,000	18979PBF9
2032	3,350,000	18979PBG7

Notice is hereby given to the owners of the above-captioned and listed bonds (collectively, the “Defeased Bonds”) that:

(i) There has been deposited in an Escrow Fund with U.S. Bank National Association, as Escrow Bank, certain monies and investment securities as permitted by that Indenture of Trust, dated as of December 1, 2012 (the “Indenture”) by and between U.S. Bank National Association, as successor to Union Bank, N.A., as trustee (the “Trustee”) and the Coachella Water Authority (the “Authority”), pursuant to which the Defeased Bonds were issued, for the purpose of defeasing the Defeased Bonds. The investment securities will mature at the proper times and in the proper amounts to produce funds which, along with the moneys deposited with the Escrow Bank, will be sufficient (a) to pay the principal of and interest on the Defeased Bonds through and including August 1, 2022, and (b) to redeem the Defeased Bonds on August 1, 2022 at redemption price equal to 100% of the principal amount thereof (collectively, the “Payment Price”).

(ii) The Trustee has been irrevocably instructed by the Authority to mail a notice of redemption with respect to the Defeased Bonds in accordance with the Indenture and to redeem the Defeased Bonds on August 1, 2022.

(iii) The Defeased Bonds are deemed to be paid in accordance with the Indenture and all liability of the Authority under the Indenture has ceased and been discharged except for the obligation of the Trustee to pay the owners of the Defeased Bonds the Payment Price when due from amounts on deposit in the Escrow Fund in accordance with the Indenture.

(iv) The Continuing Disclosure Agreement, dated as of December 1, 2012, relating to the Defeased Bonds has been terminated.

Dated this _____, 2022

U.S. BANK NATIONAL ASSOCIATION, as
Trustee