

**ESCROW AGREEMENT (SERIES 2006C)**

THIS ESCROW AGREEMENT (SERIES 2006C), dated as of November 1, 2011 (the "Agreement"), by and between the Castaic Lake Water Agency (the "Agency") and U.S. Bank National Association, Los Angeles, California, as escrow agent (the "Escrow Agent"), is entered into in accordance with Resolution No. \_\_\_\_\_ of the Agency adopted on November 9, 2011, and a Trust Agreement, dated as of August 1, 2006 (the "2006C Trust Agreement"), by and among Castaic Lake Water Agency Financing Corporation (the "Corporation"), U.S. Bank National Association, as trustee (the "2006C Trustee"), and the Agency to refund [a portion of] the outstanding Castaic Lake Water Agency Revenue Certificates of Participation (2006 Project), Series 2006C (the "2006C Certificates")[, consisting of the 2006C Certificates maturing on August 1, 20\_\_ through August 1, 20\_\_, inclusive, as further described in Exhibit C hereto (the "Refunded 2006C Certificates")].

**WITNESSETH:**

WHEREAS, the Agency previously authorized the execution and delivery of the 2006C Certificates pursuant to the 2006C Trust Agreement;

WHEREAS, the Agency has determined that a portion of the proceeds of the \$\_\_\_\_\_ aggregate principal amount of the Upper Santa Clara Valley Joint Powers Authority Revenue Bonds, Series 2011C (the "Bonds") issued pursuant to an Indenture of Trust, dated as of November 1, 2011, by and between the Upper Santa Clara Valley Joint Powers Authority, a joint exercise of powers authority, and U.S. Bank National Association, as trustee, will be used to provide a portion of the funds to pay on and prior to August 1, 2016, all regularly scheduled payments of interest and principal with respect to the Refunded 2006C Certificates, and to pay on August 1, 2016 the principal with respect to the Refunded 2006C Certificates maturing after August 1, 2016, plus interest with respect thereto accrued to such date, without premium (the "Prepayment Price"); and

WHEREAS, by irrevocably depositing with the Escrow Agent moneys (as permitted by, in the manner prescribed by, and all in accordance with the 2006C Trust Agreement), which moneys will be used to purchase securities as described on Schedule A hereto (the "Federal Securities"), which Federal Securities satisfy the criteria set forth in Section 10.1 of the 2006C Trust Agreement, provided the principal of and the interest on which when paid will provide money which, together with the moneys deposited with the Escrow Agent at the same time pursuant to this Agreement, will be fully sufficient to pay and discharge the Refunded 2006C Certificates;

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

**SECTION 1. Deposit of Moneys.** The Agency hereby deposits with the Escrow Agent \$\_\_\_\_\_, representing a portion of the net proceeds of the sale of the Bonds, and instructs the Escrow Agent to deposit said amount in the Escrow Fund established hereunder.

The Escrow Agent shall hold all such amounts in irrevocable escrow separate and apart from other funds of the Agency and the Escrow Agent in a fund hereby created and established to be known as the "Escrow Fund" and to be applied solely as provided in this Agreement. The Agency represents that the moneys set forth above are at least equal to an amount sufficient to purchase the Federal Securities listed in Schedule A hereto, and to hold \$\_\_\_\_\_ uninvested as cash.

SECTION 2. Investment of Moneys. The Escrow Agent acknowledges receipt of the moneys described in Section 1 and agrees immediately to invest such moneys in the Federal Securities listed on Schedule A hereto and to deposit such Federal Securities in the Escrow Fund. The Escrow Agent shall be entitled to rely upon the conclusion of [Causey, Demgen & Moore Inc., Denver, Colorado] (the "Verification Agent"), that the Federal Securities listed on Schedule A hereto mature and bear interest payable in such amounts and at such times as, together with cash on deposit in the Escrow Fund, will be sufficient to pay when due all regularly scheduled payments of interest and principal with respect to the Refunded 2006C Certificates on and prior to August 1, 2016 and to pay on August 1, 2016 the Prepayment Price of the Refunded 2006C Certificates maturing after August 1, 2016.

SECTION 3. Investment of Any Remaining Moneys. At the written direction of the Agency, the Escrow Agent shall reinvest any other amount of principal and interest, or any portion thereof, received from the Federal Securities prior to the date on which such payment is required for the purposes set forth herein, in noncallable Federal Securities maturing not later than the date on which such payment or portion thereof is required for the purposes set forth in Section 5, at the written direction of the Agency, as verified in a report prepared by an independent certified public accountant or firm of certified public accountants of favorable national reputation experienced in the refunding of obligations of political subdivisions to the effect that the reinvestment described in said report will not adversely affect the sufficiency of the amounts of securities, investments and money in the Escrow Fund to pay when due all regularly scheduled payments of interest and principal with respect to the Refunded 2006C Certificates on and prior to August 1, 2016, and to pay on August 1, 2016 the Prepayment Price of the Refunded 2006C Certificates maturing after August 1, 2016, and provided that the Agency has obtained and delivered to the Escrow Agent an unqualified opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, that such reinvestment will not adversely affect the exclusion from gross income for federal income tax purposes of the interest portion of the Installment Payments (as such term is defined in the 2006C Trust Agreement) or interest on the Bonds. Any interest income resulting from investment or reinvestment of moneys pursuant to this Section 3 which is not required for the purposes set forth in Section 5, as verified in the letter of the Verification Agent originally obtained by the Agency with respect to the refunding of the Refunded 2006C Certificates or in any other report prepared by an independent certified public accountant or firm of certified public accountants of favorable national reputation experienced in the refunding of tax-exempt obligations of political subdivisions, shall be paid to the Agency promptly upon the receipt of such interest income by the Escrow Agent. The determination of the Agency as to whether an accountant qualifies under this Escrow Agreement shall be conclusive.

SECTION 4. Substitution of Securities. Upon the written request of the Agency, and subject to the conditions and limitations herein set forth and applicable governmental rules and regulations, the Escrow Agent shall sell, redeem or otherwise dispose of the Federal Securities, provided that there are substituted therefor from the proceeds of the Federal Securities other Federal Securities, but only after the Agency has obtained and delivered to the Escrow Agent: (i) an unqualified opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, to the effect that the substitution of securities is permitted under the legal documents in effect with respect to the Refunded 2006C Certificates and that such reinvestment will not adversely affect the exclusion from gross income for federal income tax purposes of the interest portion of the Installment Payments (as such term is defined in the 2006C Trust Agreement) or interest with respect to the Bonds; and (ii) a report by a firm of independent certified public accountants to the effect that the reinvestment described in said report will not adversely affect the sufficiency of the amounts of securities, investments and money in the Escrow Fund to pay when due all regularly scheduled payments of

interest and principal with respect to the Refunded 2006C Certificates on and prior to August 1, 2016, and to pay on August 1, 2016 the Prepayment Price of the Refunded 2006C Certificates maturing after August 1, 2016. The Escrow Agent shall not be liable or responsible for any loss resulting from any reinvestment made pursuant to this Agreement and in full compliance with the provisions hereof.

**SECTION 5. Payment of Refunded 2006C Certificates.**

(a) **Payment.** From the maturing principal of the Federal Securities and the investment income and other earnings thereon and other moneys on deposit in the Escrow Fund, the Escrow Agent shall on each February 1 and August 1, commencing February 1, 2012 through and including August 1, 2016, apply the amounts on deposit in the Escrow Fund to pay when due all regularly scheduled payments of interest and principal with respect to the Refunded 2006C Certificates on and prior to August 1, 2016, and to pay on August 1, 2016 the Prepayment Price of the Refunded 2006C Certificates maturing after August 1, 2016.

(b) **Irrevocable Instructions to Provide Notice.** The forms of the notice required to be mailed pursuant to Sections 4.3 and 10.1 of the 2006C Trust Agreement are substantially in the forms attached hereto as Exhibits A and B. The Agency hereby irrevocably instructs the Escrow Agent to mail a notice of prepayment and a notice of defeasance of the Refunded 2006C Certificates in accordance with Sections 4.3 and 10.1, respectively, of the 2006C Trust Agreement, as required to provide for the prepayment of the Refunded 2006C Certificates in accordance with this Section 5.

(c) **Unclaimed Moneys.** Any moneys which remain unclaimed for two years after August 1, 2016 shall be repaid by the Escrow Agent to the Agency.

(d) **Priority of Payments.** The owners of the Refunded 2006C Certificates shall have a first and exclusive lien on all moneys and securities in the Escrow Fund until such moneys and such securities are used and applied as provided in this Agreement.

(e) **Termination of Obligation.** As provided in the 2006C Trust Agreement, upon deposit of moneys with the Escrow Agent in the Escrow Fund as set forth in Section 1 hereof and the purchase of the various Federal Securities as provided in Section 2 hereof, all obligations of the Agency under the 2006C Trust Agreement with respect to the Refunded 2006C Certificates shall cease, terminate and become void except as set forth in the 2006C Trust Agreement. As provided in Section 9.1 of the Installment Purchase Agreement, dated as of August 1, 2006 (the "2006C Installment Purchase Agreement"), by and between the Agency and the Corporation, the obligations of the Agency under the 2006C Installment Purchase Agreement with respect to the portion of the Installment Payments (as such term is defined in the 2006C Trust Agreement) relating to the Refunded 2006C Certificates shall cease, terminate, become void and be completely discharged and satisfied (except for the rights of the 2006C Trustee and the obligation of the Agency to have the Federal Securities and moneys on deposit in the Escrow Fund applied to Installment Payments).

**SECTION 6. Application of Certain Terms of the 2006C Trust Agreement.** All of the terms of the 2006C Trust Agreement relating to the making of payments of principal and interest with respect to the Refunded 2006C Certificates and relating to the exchange or transfer of the Refunded 2006C Certificates are incorporated in this Agreement as if set forth in full herein. The procedures set forth in Section 8.3 of the 2006C Trust Agreement relating to the resignation and removal and merger of the 2006C Trustee under the 2006C Trust Agreement are also incorporated in

this Agreement as if set forth in full herein and shall be the procedures to be followed with respect to any resignation or removal of the Escrow Agent hereunder.

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

SECTION 8. Escrow Agent's Authority to Make Investments. Except as provided in Section 2 hereof, the Escrow Agent shall have no power or duty to invest any funds held under this Agreement or to sell, transfer or otherwise dispose of the moneys or Federal Securities held hereunder.

SECTION 9. Indemnity. The Agency 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 respective successors, assigns, agents, employees and servants, from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including reasonable legal fees and disbursements) of whatsoever kind and nature which may be imposed on, incurred by, or asserted against, the Escrow Agent at any time (whether or not also indemnified against the same by the Agency 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 retention of 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; provided, however, that the Agency 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 respective employees or the willful breach by the Escrow Agent of the terms of this Agreement. In no event shall the Agency 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.

SECTION 10. Responsibilities of Escrow Agent. The Escrow Agent and its 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 or securities deposited therein, the retention of the Federal Securities or the proceeds thereof, the sufficiency of the Federal Securities to pay the Refunded 2006C Certificates or any payment, transfer or other application of moneys or obligations by the Escrow Agent 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 Agent 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 Agency, and the Escrow Agent assumes no responsibility for the correctness thereof. The Escrow Agent makes no representation as to the sufficiency of the proceeds to accomplish the refunding of the Refunded 2006C Certificates or to the validity of this Agreement as to the Agency 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, willful misconduct or default, 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 Agency, 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 may be deemed to be conclusively established by a certificate signed by an officer of the Agency.

SECTION 11. Amendments. This Agreement is made for the benefit of the Agency and the owners from time to time of the Refunded 2006C Certificates and it shall not be repealed, revoked, altered or amended without the written consent of all such owners, the Escrow Agent and the Agency; provided, however, that the Agency and the Escrow Agent may, without the consent of, or notice to, such owners, amend this Agreement or enter into such agreements supplemental to this Agreement as shall not adversely affect the rights of such owners and as shall not be inconsistent with the terms and provisions of this Agreement, the Law (as such term is defined in the 2006C Installment Purchase Agreement), or the 2006C Trust 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 Agent for the benefit of the owners of the Refunded 2006C Certificates, any additional rights, remedies, powers or authority that may lawfully be granted to, or conferred upon, such owners or the Escrow Agent; and (iii) to include under this Agreement additional funds. The Escrow Agent shall be entitled to rely conclusively upon an unqualified opinion of Stradling Yocca Carlson & Rauth, A Professional Corporation, with respect to compliance with this Section, including the extent, if any, to which any change, modification, addition or elimination affects the rights of the owners of the various Refunded 2006C Certificates or that any instrument executed hereunder complies with the conditions and provisions of this Section.

SECTION 12. Notice to Rating Agencies. In the event that this agreement or any provision thereof is severed, amended or revoked the Escrow Agent shall provide written notice of such severance, amendment or revocation to the rating agencies then rating the 2006C Certificates.

SECTION 13. 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 Refunded 2006C Certificates have been paid in accordance with this Agreement; or (ii) the date upon which no unclaimed moneys remain on deposit with the Escrow Agent pursuant to Section 5(c) of this Agreement.

SECTION 14. Compensation. The Escrow Agent shall receive its reasonable fees and expenses as previously agreed to by the Escrow Agent and the Agency and any other reasonable fees and expenses of the Escrow Agent approved by the Agency; provided, however, that under no circumstances shall the Escrow Agent be entitled to any lien or assert any lien whatsoever on any moneys or obligations in the Escrow Fund for the payment of fees and expenses for services rendered or expenses incurred by the Escrow Agent under this Agreement.

SECTION 15. Severability. If any one or more of the covenants or agreements provided in this Agreement on the part of the Agency or the Escrow Agent to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenants or agreements shall be null and void and shall be deemed separate from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement.

SECTION 16. Counterparts. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as an original but all of which shall constitute and be but one and the same instrument.

SECTION 17. Governing Law. THIS AGREEMENT SHALL BE CONSTRUED UNDER THE LAWS OF THE STATE OF CALIFORNIA.

SECTION 18. Insufficient Funds. If at any time the Escrow Agent has actual knowledge that the moneys and investments in the Escrow Fund, including the anticipated proceeds of and earnings thereon, will not be sufficient to make all payments required by this Agreement, the Escrow Agent shall notify the Agency in writing, of the amount thereof and the reason therefor to the extent known to it. The Escrow Agent shall have no responsibility regarding any such deficiency.

SECTION 19. Notice to Agency and Escrow Agent. Any notice to or demand upon the Escrow Agent may be served or presented, and such demand may be made, at the principal corporate trust office of the Escrow Agent at U.S. Bank National Association, 633 West Fifth Street, 24th Floor, Los Angeles, California 90071, Attention: Corporate Trust Services, Reference: Castaic Lake Water Agency, Series 2006C. Any notice to or demand upon the Agency shall be deemed to have been sufficiently given or served for all purposes by being mailed by registered or certified mail, and deposited, postage prepaid, in a post office letter box, addressed to the Agency at Castaic Lake Water Agency, 27234 Bouquet Canyon Road, Santa Clarita, California 91350, Attention: General Manager (or such other address as may have been filed in writing by the Agency with the Escrow Agent).

[Remainder of Page Intentionally Left Blank]

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

CASTAIC LAKE WATER AGENCY

\_\_\_\_\_  
President

U.S. BANK NATIONAL ASSOCIATION,  
as Escrow Agent

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

**SCHEDULE A**

Federal Securities

<i>Security</i>	<i>Maturity</i>	<i>Principal Amount</i>	<i>Interest Rate</i>
		\$	%

## EXHIBIT A

### NOTICE OF PREPAYMENT

CASTAIC LAKE WATER AGENCY  
REVENUE CERTIFICATES OF PARTICIPATION (2006 PROJECT), SERIES 2006C

BASE CUSIP NO. 14837K

NOTICE IS HEREBY GIVEN to the owners of the above-captioned Certificates (the "Certificates") pursuant to the Trust Agreement, dated as of August 1, 2006 (the "2006C Trust Agreement"), by and among the Castaic Lake Water Agency (the "Agency"), the Castaic Lake Water Agency Financing Corporation and U.S. Bank National Association, as trustee (the "2006C Trustee"), that the Certificates in the amount of \$\_\_\_\_\_ have been called for prepayment on August 1, 2016 (the "Prepayment Date").

<u>CUSIP</u>	<u>MATURITY</u> <u>(August 1)</u>	<u>RATE</u>	<u>AMOUNT</u>	<u>PRICE</u>
		%	\$	100%
				100
				100
				100
				100
				100
				100
				100
				100
			[ <sup>(1)</sup> ]	100

[<sup>(1)</sup> Reflects partial maturity.]

The Certificates will be payable on the Prepayment Date at a prepayment price of 100% of the principal amount plus accrued interest to such date (the "Prepayment Price"). Subject to prior rescission as referenced below, the Prepayment Price of the Certificates will become due and payable on the Prepayment Date. Interest with respect to the Certificates to be prepaid will cease to accrue on and after the Prepayment Date, and such Certificates will be surrendered to the 2006C Trustee.

All Certificates are required to be surrendered to the principal corporate office of the 2006C Trustee, on the Prepayment Date at the following location. If the Certificates are mailed, the use of registered, insured mail is recommended:

U.S. Bank National Association  
633 West Fifth Street, 24th Floor  
Los Angeles, California 90071  
Attention: Corporate Trust Services  
Reference: Castaic Lake Water Agency, Series 2006C

If the Owner of any Certificate subject to optional prepayment fails to deliver such Certificate to the 2006C Trustee on the Prepayment Date, such Certificate shall nevertheless be deemed prepaid on the Prepayment Date and the Owner of such Certificate shall have no rights in respect thereof

except to receive payment of the Prepayment Price from funds held by the 2006C Trustee for such payment.

A form W-9 must be submitted with the Certificates. Failure to provide a completed form W-9 will result in 31% backup withholding pursuant to the Interest and Dividend Tax Compliance Act of 1983. Under the Jobs and Growth Tax Relief Reconciliation Act of 2003, 28% will be withheld if the tax identification number is not properly certified.

U.S. BANK NATIONAL  
ASSOCIATION, as Trustee

DATED this 1st day of July, 2016.



[The following CUSIP has been assigned to the un-defeased portion of the Castaic Lake Water Agency Revenue Certificates of Participation (2006 Project), Series 2006C:

<b>Current CUSIP</b>	<b>Rate</b>	<b>Maturity (August 1)</b>	<b>Par Amount</b>	<b>New CUSIP</b>
	%		\$	

]

In accordance with the 2006C Trust Agreement, the Refunded 2006C Certificates are deemed to have been paid in accordance with Section 10.1 thereof and the obligations of the Agency and the Corporation under the 2006C Trust Agreement and the Installment Purchase Agreement, dated as of August 1, 2006, by and between the Agency and the Corporation, with respect to the Refunded 2006C Certificates shall thereupon cease, terminate and become void and be discharged and satisfied.

DATED this \_\_\_\_ day of \_\_\_\_, 201\_\_.

[EXHIBIT C]

REFUNDED 2006C CERTIFICATES

BASE CUSIP NO. 14837K

<u>Maturity Date</u> <u>(August 1)</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>New CUSIP</u>	<u>Original CUSIP</u>
		\$ %		