

ESCROW AGREEMENT

Relating to the Prepayment of:

\$48,440,000
County of Monterey
Certificates of Participation
(2015 Public Facilities Financing)

This ESCROW AGREEMENT (this "Agreement"), made and entered into as of March 1, 2026, by and among the COUNTY OF MONTEREY, a county duly organized and existing under the laws of the State of California (the "County"), the COUNTY OF MONTEREY PUBLIC IMPROVEMENT CORPORATION, a nonprofit public benefit corporation duly organized and existing under the laws of the State of California (the "Corporation"), and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association duly organized and existing under the laws of the United States of America, as escrow agent (the "Escrow Agent").

B A C K G R O U N D:

WHEREAS, pursuant to a Trust Agreement dated as of September 1, 2015 (the "2015 Trust Agreement"), by and among the County, the Corporation (the "Corporation") and The Bank of New York Mellon Trust Company, N.A., as trustee (the "2015 Trustee"), the County caused the execution and delivery of the certificates of participation captioned above (the "2015 Certificates"), which are secured by lease payments made by the County under the Lease Agreement dated as of September 1, 2015 (the "2015 Lease Agreement") by and between the County and the Corporation;

WHEREAS, the County desires to prepay lease payments to be made by the County under the 2015 Lease Agreement, and cause the concurrent defeasance and subsequent prepayment of the 2015 Certificates;

WHEREAS, in order to provide funds sufficient to refinance the 2015 Certificates, the County and the Corporation have agreed to cause The Bank of New York Mellon Trust Company, N.A. (the "2026 Trustee"), to execute and deliver a series of certificates of participation captioned "\$ _____ County of Monterey 2026 Certificates of Participation (Public Facilities Refinancing)" (the "2026 Certificates"), each evidencing a direct, undivided fractional interest in the lease payments to be paid by the County pursuant to a lease agreement described therein;

WHEREAS, the 2015 Certificates are subject to prepayment on any date on or after October 1, 2025, at a prepayment price equal to the par amount of the 2015 Certificates to be prepaid, together with accrued interest to the date fixed for prepayment, without premium;

WHEREAS, the County, the Corporation and the Escrow Agent wish to enter into this Agreement for the purpose of providing the terms and conditions relating to the deposit and application of amounts sufficient for the payment and prepayment of the 2015 Certificates as set forth herein.

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

Section 1. Appointment of Escrow Agent. The County and the Corporation hereby appoint the Escrow Agent as escrow agent for all purposes of this Agreement and in accordance with the terms and provisions of this Agreement, and the Escrow Agent hereby accepts such appointment.

Section 2. Establishment of Escrow Fund. There is hereby created the Escrow Fund to be held by the Escrow Agent, separate and apart from any funds or accounts of the Escrow Agent, the County or the Corporation, as an irrevocable escrow securing payment of principal of and interest on the 2015 Certificates as hereinafter set forth.

All cash and Defeasance Securities (as defined herein) in the Escrow Fund are hereby irrevocably pledged as a special fund for the payment and prepayment of the 2015 Certificates in accordance with the terms hereof. If at any time the Escrow Agent receives actual knowledge that the cash and amounts in the Escrow Fund will not be sufficient to make any payment required by Section 4 hereof, the Escrow Agent will notify the County of such fact and the County will immediately cure such deficiency from any source of legally available funds.

As used herein, the term "Defeasance Securities" means the federal securities set forth on Exhibit A hereto and hereby incorporated herein.

Section 3. Deposit into Escrow Fund; Investment of Amounts.

(a) *Escrow Fund.* Concurrently with the execution and delivery of the 2026 Certificates, the Corporation and the County will cause to be transferred to the Escrow Agent for deposit into the Escrow Fund, the amount of \$ _____, derived as follows:

(i) the Escrow Agent, in its capacity as 2026 Trustee, shall transfer \$ _____ to the Escrow Agent, representing the net proceeds of the 2026 Certificates; and

[(ii) the Escrow Agent, in its capacity as 2015 Trustee, shall transfer \$ _____ to the Escrow Agent, representing amounts on hand in the Lease Payment Fund established for the 2015 Certificates under the 2015 Trust Agreement.]

(b) *Investments.* With respect to the aggregate \$ _____ deposited into the Escrow Fund, the Escrow Agent will:

(i) invest \$ _____ of the moneys deposited in the Defeasance Securities described in Exhibit A hereto; and

(ii) hold the remaining \$ _____ in cash uninvested.

If the Escrow Agent learns that the Department of the Treasury or the Bureau of Public Debt 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 County 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 County. In the absence of investment instructions from the County, the Escrow Agent shall not be responsible for the investment of such funds or interest thereon. The Escrow Agent may conclusively rely upon the County'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.

The Defeasance Securities and cash will be deposited with and held by the Escrow Agent in the Escrow Fund solely for the uses and purposes set forth herein. The Escrow Agent will have no lien upon or right of set off against the Defeasance Securities and cash at any time on deposit in the Escrow Fund. The Escrow Agent may create such subaccounts within the Escrow Fund as it may require to accomplish the purposes of this Escrow Agreement.

No substitution of Defeasance Securities shall be permitted under this Escrow Agreement except with other Defeasance Securities and upon delivery of a new Verification Report (as defined in the 2015 Trust Agreement) and no reinvestment of Defeasance Securities shall be permitted except as contemplated by the original Verification Report or upon delivery of a new Verification Report.

Section 4. Instructions as to Application of Deposit. The total amount of Defeasance Securities and cash deposited in the Escrow Fund under Section 3 will be applied by the Escrow Agent to the payment and prepayment of the 2015 Certificates in accordance with the 2015 Trust Agreement on the dates and in the amounts set forth on Exhibit B hereto. Any amounts remaining in the Escrow Fund following the full prepayment of all of the 2015 Certificates will be transferred by the Escrow Agent to the 2026 Trustee for deposit to the Lease Payment Fund established and held by the 2026 Trustee with respect to the 2026 Certificates.

Section 5. Election to Prepay; Notices. The County hereby irrevocably elects to:

(a) prepay all of the remaining Base Rental Payments under the 2015 Lease Agreement on _____, 2026; this section provides notice to the Escrow Agent, in its capacity as the 2015 Trustee, under section 3.08(f) of the 2015 Lease Agreement, of the County's election to prepay those Base Rental Payments; and

(b) prepay all of the outstanding 2015 Certificates on _____, 2026, in accordance with section 4.01(b) of the 2015 Trust Agreement.

The Escrow Agent is hereby directed to file a notice of defeasance of the 2015 Certificates, substantially in the form attached hereto as Exhibit C, to the Municipal Securities Rulemaking Board (MSRB)'s Electronic Municipal Market Access (EMMA) system accessible at the emma.msrb.org website, on the execution and delivery date of the 2026 Certificates.

The Escrow Agent, in its capacity as 2015 Trustee, is hereby directed to give a notice of prepayment of the 2015 Certificates, substantially in the form attached hereto as Exhibit D, in accordance with Section 4.03 of the 2015 Trust Agreement, at the expense of the County, no later than _____, 2026.

Section 6. Application of Certain Terms of 2015 Trust Agreement. All of the terms of the 2015 Trust Agreement relating to the payment, prepayment and defeasance of the 2015 Certificates are incorporated in this Agreement as if set forth in full herein.

Section 7. Compensation to Escrow Agent. The County 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, substitution 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 8. Immunities and Liabilities of Escrow Agent.

(a) The Escrow Agent undertakes to perform only such duties as are expressly and specifically set forth in this Agreement and no implied duties or obligations will be read into this Agreement against the Escrow Agent.

(b) The Escrow Agent will not have any liability hereunder except to the extent of its own gross negligence or willful misconduct. The Escrow Agent will have no duty or responsibility under this Agreement in the case of any default in the performance of the covenants or agreements contained in the 2015 Trust Agreement.

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

(d) The Escrow Agent will not be responsible for any of the recitals or representations contained herein.

(e) The Escrow Agent will not be liable for the accuracy of any calculations provided as to the sufficiency of the moneys or Defeasance Securities deposited with it to pay the principal of, and interest on, the 2015 Certificates.

(f) The Escrow Agent will not be liable for any action or omission of the County or the Corporation under this Agreement or the 2015 Trust Agreement.

(g) 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 suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) 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 a certificate of an authorized representative of the County, and such certificate will, 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 conclusively rely, as to the truth and accuracy of the statements and correctness of the opinions and the calculations provided, and will be protected and indemnified, in acting, or refraining from acting, upon any written notice, instruction, request, certificate, document or opinion furnished to the Escrow Agent signed or presented by the proper party, and it need not investigate any fact or matter stated in such notice, instruction, request, certificate or opinion.

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

(j) The County covenants to indemnify and hold harmless the Escrow Agent against any loss, liability or expense, including legal fees, in connection with the performance of any of its duties hereunder, except the Escrow Agent will not be indemnified against any loss, liability or expense resulting from its gross negligence or willful misconduct.

(k) 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 becomes 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.

(l) The Escrow Agent shall furnish the County periodic cash transaction statements which include detail for all investment transactions effected by the Escrow Agent or brokers selected by the County. Upon the County'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 County 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 County 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.

(m) 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" shall mean 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 County shall provide to the Escrow Agent an incumbency certificate listing officers with the authority to provide such Instructions ("Authorized Officers") and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the County whenever a person is to be added or deleted from the listing. If the County 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 County 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 County shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Escrow Agent and that the County 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 County. 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 County 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 County; (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.

Section 9. Termination. Upon payment and prepayment in full of the 2015 Certificates, and upon payment of all fees, expenses and charges of the Escrow Agent as described above, this Agreement shall terminate and the Escrow Agent shall be discharged from any further obligation or responsibility hereunder.

Section 10. Execution in Counterparts. This Agreement may be executed in several counterparts, each of which will be an original and all of which will constitute but one and the same instrument.

Section 11. Applicable Law. This Agreement will be governed by and construed in accordance with the laws of the State of California.

Section 12. Severability. In the event any provision of this Agreement will be held invalid or unenforceable by any court of competent jurisdiction, such holding will not invalidate or render unenforceable any other provision hereof.

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

**COUNTY OF MONTEREY PUBLIC
IMPROVEMENT CORPORATION**

By: _____

President

ATTEST:

By: _____
Secretary

COUNTY OF MONTEREY

By: _____
Jake Stroud,
Treasurer-Tax Collector

ATTEST:

By: _____
Clerk of the Board of Supervisors

**THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A.**, as Escrow Agent, 2015
Trustee and 2026 Trustee

By: _____
Authorized Representative

**EXHIBIT A
DEFEASANCE SECURITIES**

D

Type of Security	Maturity Date	Par Amount	Rate	Total Cost
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SLGS

Purchase Date	Cost of Securities	Cash Deposit	Total Escrow Cost
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__/__/2026

EXHIBIT B
SCHEDULE OF PAYMENT AND PREPAYMENT

Period Ending	Interest	Principal Prepaid	Total
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EXHIBIT C

FORM OF DEFEASANCE NOTICE

NOTICE OF DEFEASANCE

**\$48,440,000
County of Monterey
Certificates of Participation
(2015 Public Facilities Financing)**

**Original Date of Execution and Delivery: September 2, 2015
Final Maturity Date: September 1, 2045**

NOTICE IS HEREBY GIVEN, by the County of Monterey (the "County") with respect to the captioned securities (the "Certificates"), that it has defeased the Certificates of Participation set forth below as of _____, 2026, and has irrevocably elected to optionally prepay those Certificates on _____, 2026.

Funds for the payment of the Certificates have been deposited into an escrow fund held by The Bank of New York Mellon Trust Company, N.A. (the "Escrow Agent"), [and the sufficiency of the funds and investments for the purpose of paying the principal of and interest on the Certificates has been verified by _____, certified public accountants.] As a consequence of the foregoing actions and in accordance with the Trust Agreement dated as of September 1, 2015 (the "2015 Trust Agreement"), the Certificates are no longer secured by a pledge of revenues under the 2015 Trust Agreement, and the Certificates are now payable solely from the moneys set aside in escrow as described above.

The Certificates that have been defeased and that the County has elected to optionally prepay on _____, 2026, consist of the following:

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>CUSIP*</u>
10/1/2026	\$1,200,000	5.000%	612448 NP1
10/1/2027	1,265,000	5.000	612448 NQ9
10/1/2028	1,330,000	5.000	612448 NR7
10/1/2029	1,395,000	5.000	612448 NS5
10/1/2030	1,465,000	5.000	612448 NT3
10/1/2031	1,540,000	5.000	612448 NU0
10/1/2032	1,620,000	5.000	612448 NV8
10/1/2033	1,695,000	3.625	612448 NW6
10/1/2034	1,765,000	5.000	612448 NX4
10/1/2035	1,860,000	5.000	612448 NY2
10/1/2038	6,170,000	5.000	612448 PA2
9/1/2045	17,880,000	4.000	612448 NZ9

* CUSIP Global Services (CGS) is managed on behalf of American Bankers Association by FactSet Research Systems Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP numbers are provided for convenience of reference only. No representation is made as to the accuracy of the CUSIP numbers listed above

or as printed on any Certificate; the CUSIP numbers are included solely for the convenience of the owners of the Certificates.

Dated: _____, 2026

**THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A.,**
as Trustee for the Certificates and as Escrow Agent

EXHIBIT D

FORM OF PREPAYMENT NOTICE

**[CONDITIONAL]
NOTICE OF FULL PREPAYMENT**

\$48,440,000

**County of Monterey
Certificates of Participation
(2015 Public Facilities Financing)**

Original Date of Execution and Delivery: September 2, 2015

Final Maturity Date: September 1, 2045

NOTICE IS HEREBY GIVEN, by the County of Monterey (the "County") with respect to the captioned certificates of participation (the "Certificates"), that it has conditionally elected to optionally prepay all of the outstanding Certificates on _____, 2026 (the "Prepayment Date"), at a prepayment price equal to the par amount thereof together with accrued interest thereon to the Prepayment Date, without premium. On the Prepayment Date, the prepayment price will become due and payable upon each such Certificate called for prepayment. Interest with respect to the Certificates shall cease to accrue from and after the Prepayment Date.

The Certificates being optionally prepaid consist of the following:

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>CUSIP*</u>
10/1/2026	\$1,200,000	5.000%	612448 NP1
10/1/2027	1,265,000	5.000	612448 NQ9
10/1/2028	1,330,000	5.000	612448 NR7
10/1/2029	1,395,000	5.000	612448 NS5
10/1/2030	1,465,000	5.000	612448 NT3
10/1/2031	1,540,000	5.000	612448 NU0
10/1/2032	1,620,000	5.000	612448 NV8
10/1/2033	1,695,000	3.625	612448 NW6
10/1/2034	1,765,000	5.000	612448 NX4
10/1/2035	1,860,000	5.000	612448 NY2
10/1/2038	6,170,000	5.000	612448 PA2
9/1/2045	17,880,000	4.000	612448 NZ9

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[Prepayment of the Certificates is conditioned upon receipt by the Trustee of sufficient moneys to prepay the Certificates on the Prepayment Date, and the optional prepayment shall

not occur if, by no later than the Prepayment Date, sufficient moneys to prepay the Certificates have not been deposited with the Trustee.]

The Certificates must be surrendered by the owners thereof at the corporate trust office of the Trustee, listed below, for payment of the prepayment price.

Registered/Certified Mail:
The Bank of New York Mellon Trust Company, N.A.
Corporate Trust Services

Dated: _____, 2026

**THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A.,**
as Trustee for the Certificates and as Escrow Agent