

ESCROW AGREEMENT

This Escrow Agreement (the "Escrow Agreement"), executed and entered into as of September 1, 2011, by and between the COUNTY OF SANTA BARBARA, a political subdivision duly organized and existing under and by virtue of the Constitution and laws of the State of California (the "County"), and U.S. BANK NATIONAL ASSOCIATION, a national banking association duly organized and existing under and by virtue of the laws of the United States (the "Trustee" and the "Escrow Agent");

WITNESSETH:

WHEREAS, the Trustee serves as successor trustee under and pursuant to the Trust Agreement specified in Exhibit A hereto (the "Prior Trust Agreement"); and

WHEREAS, the County has determined that it is in the best interests of the County to refund the Outstanding (as that term is defined in the Prior Trust Agreement, and herein "Outstanding") certificates executed and delivered pursuant to the Prior Trust Agreement (as further defined in Exhibit A hereto, the "Refunded Certificates"); and

WHEREAS, the County has taken action to cause to be delivered to the Escrow Agent hereunder, for deposit in the Escrow Fund hereinafter referred to, certain securities (the "Escrow Securities") listed in Exhibit B hereto in an aggregate principal amount which, together with the money deposited in the Escrow Fund hereinafter referred to at the same time as such deposit (as specified in Exhibit A hereto, the "Funding Amount") and the income to accrue on the Escrow Securities, will be sufficient to provide for the payment of the principal and interest components and prepayment premium of the Refunded Certificates to and including the prepayment date specified in Exhibit A (the "Prepayment Date") and to prepay all Refunded Certificates outstanding on the Prepayment Date at the prepayment price specified in Exhibit A (the "Prepayment Price"), which represents the principal component thereof plus the applicable prepayment premium;

WHEREAS, the provisions of the Prior Trust Agreement are incorporated herein by reference as if set forth herein in full;

NOW, THEREFORE, the County and the Escrow Agent hereby agree as follows:

SECTION 1. Establishment and Maintenance of Escrow Fund. The Escrow Agent agrees to establish and maintain the Escrow Fund (the "Escrow Fund") until the Refunded Certificates have been paid or prepaid as provided herein, and, except as provided in Section 2 hereof, to hold the Escrow Securities and the money (whether constituting the initial deposit in the Escrow Fund or constituting receipts on the Escrow Securities) in the Escrow Fund at all times as a separate trust account wholly segregated from all other securities, investments or money held by it. All securities and money in the Escrow Fund are hereby irrevocably pledged, subject to the provisions of Section 2 hereof, to secure the payment or prepayment of the Refunded Certificates as provided herein; provided, that any money in the Escrow Fund that is not used for the payment or prepayment of the Refunded Certificates after payment of any

amounts then owed to the Escrow Agent shall be repaid to the County free from the trust created by the Escrow Agreement.

SECTION 2. Investment of Money in the Escrow Fund. The Escrow Securities initially deposited in the Escrow Fund are certain securities with interest rates specified in Exhibit B hereto.

If amounts of interest on or repayments of principal of the Escrow Securities are received by the Escrow Agent in excess amounts or prior to the date on which such receipts are to be applied pursuant to Section 3 to the payment and prepayment of the Refunded Certificates, the Escrow Agent shall, upon the written request of the County, invest such receipts until the next interest or principal payment of the Refunded Certificates in other non-callable direct obligations of the United States of America or other non-callable obligations the payment of the principal of and interest on which is guaranteed by a pledge of the full faith and credit of the United States of America or, if such reinvestment is not feasible, shall retain such funds uninvested. Any receipts on investments made pursuant to this section in excess of the cost of such investments that are not needed for the payment and prepayment of the Refunded Certificates as provided herein shall after payment of amounts due the Escrow Agent be remitted to the County free from the trust created by the Escrow Agreement. The Escrow Agent shall not be liable or responsible for any loss resulting from any investment made pursuant to this section and in full compliance with the provisions hereof.

SECTION 3. Payment from the Escrow Fund. The Escrow Agent is hereby irrevocably instructed to, and the Escrow Agent hereby agrees to (i) send timely notice of the prepayment of the Refunded Certificates on _____ in accordance with the Prior Trust Agreement, and (ii) collect and deposit in the Escrow Fund the interest on and principal of all Escrow Securities held in the Escrow Fund promptly as such interest and principal become due, and to use such interest and principal, together with any other money and the interest and principal of any other securities deposited in the Escrow Fund, to pay the interest and principal with respect to all outstanding Refunded Certificates as they become due and payable to and including December 1, 2011 and to prepay all outstanding Refunded Certificates on December 1, 2011 at the prepayment price thereof.

SECTION 4. Deficiencies in the Escrow Fund. If at any time it shall appear to the Escrow Agent that the money in the Escrow Fund, including the anticipated proceeds of the Escrow Securities, will not be sufficient to make all payments required by Section 3 hereof, the Escrow Agent shall notify the County in writing as soon as reasonably practicable of such fact, stating the amount of such deficiency and the reason therefor, and the County shall use its best efforts to obtain and deposit with the Escrow Agent for deposit in the Escrow Fund, from any legally available moneys, such additional money as may be required to provide for the making of all such payments; provided, that the Escrow Agent shall in no event or manner be responsible for the failure of the County to make any such deposit.

SECTION 5. Compensation and Indemnification of the Escrow Agent.

(a) The County shall pay the Escrow Agent an annual fee for its services hereunder and shall reimburse the Escrow Agent for its out-of-pocket expenses (including but

not limited to the fees and expenses, if any, of its counsel or accountants) incurred by the Escrow Agent in connection with these services, all as more particularly agreed upon by the County and the Escrow Agent; provided, that these fees and expenses shall in no event be deducted from the Escrow Fund.

(b) To the extent permitted by law, the County agrees to indemnify the Escrow Agent, its agents and its officers or employees for, and hold the Escrow Agent, its agents and its officers or employees harmless from, liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims, costs, expenses and disbursements of any kind (including, without limitation, reasonable fees and disbursements of counsel or accountants for the Escrow Agent) which may be imposed on, incurred by, or asserted against the Escrow Agent or such other party at any time by reason of its performance of Escrow Agent's services, in any transaction arising out of the Escrow Agreement or any of the transactions contemplated herein, unless due to the negligence or willful misconduct of the particular indemnified party. The provisions of this Section shall survive the removal or resignation of the Escrow Agent.

SECTION 6. Functions of the Escrow Agent.

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

(b) The Escrow Agent may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, and shall be protected and indemnified as stated in the Escrow Agreement, in acting, or refraining from acting, upon any written notice, instruction, request, certificate, document, report or opinion furnished to the Escrow Agent and reasonably believed by the Escrow Agent to have been signed or presented by the proper party, and it need not investigate any fact or matter stated in such notice, instruction, request, certificate, document, report or opinion.

(c) The Escrow Agent shall not have any liability hereunder except to the extent of its own negligence or willful misconduct. In no event shall the Escrow Agent be liable for any special, indirect or consequential damages, even if parties know of the possibility of such damages. The Escrow Agent shall have no duty or responsibility under the Escrow Agreement in the case of any default in the performance of covenants or agreements contained in the Prior Trust Agreement or in the case of the receipt of any written demand with respect to such default. The Escrow Agent is not required to resolve conflicting demands to money or property in its possession under the Escrow Agreement.

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

(e) The Escrow Agent shall not be responsible for any of the recitals or representations contained herein or in the Prior Trust Agreement.

(f) The Escrow Agent may engage or be interested in any financial or other transaction with the County.

(g) The Escrow Agent shall not be liable for the accuracy of the calculations as to the sufficiency of the Escrow Securities and moneys to make the payments of principal and interest evidenced and represented by the Refunded Certificates.

(h) The Escrow Agent shall not be liable for any action or omission of the County under the Escrow Agreement, the Prior Trust Agreement or otherwise.

(i) Whenever in the administration of the trust of the Escrow Agreement the Escrow Agent shall deem 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 the County (as that term is defined in the Prior Trust Agreement), and such certificate 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 the Escrow Agreement upon the faith thereof.

(j) The Escrow Agent may at any time resign by giving written notice to the County of such resignation, whereupon the County shall promptly appoint a successor Escrow Agent by the resignation date. Resignation of the Escrow Agent will be effective sixty (60) days after notice of the resignation is given as stated above or upon appointment of a successor Escrow Agent, whichever first occurs. If the County does not appoint a successor Escrow Agent by the resignation effective date, the resigning Escrow Agent may petition any court of competent jurisdiction for the appointment of a successor Escrow Agent (or may deposit with the court the Escrow Securities and money or other property held by it in trust under the Escrow Agreement), 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 shall immediately and without further act be superseded by the successor Escrow Agent so appointed.

(k) The Escrow Agent will provide the County with statements of the account maintained hereunder.

SECTION 7. Notices. All notices and communications hereunder shall be in writing and shall be deemed to be duly given if received or sent by first class mail, as follows:

If to the Escrow Agent: U.S. Bank National Association
633 West 5th Street, 24th Floor
Los Angeles, CA 90071
Attention: Corporate Trust Department

If to the County:

County of Santa Barbara
105 East Anapamu Street
Santa Barbara, California 93101
Attention: Treasurer, Room 109
(with a copy to County Counsel, Room 201)

SECTION 8. Severability. If any section, paragraph, sentence, clause or provision of the Escrow Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, sentence, clause or provision shall not affect any of the remaining provisions of the Escrow Agreement.

SECTION 9. Execution. The Escrow Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all together shall constitute but one and the same agreement.

IN WITNESS WHEREOF, the County and the Escrow Agent have caused the Escrow Agreement to be executed each on its behalf as of the day and year first above written.

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By _____
Vice President

COUNTY OF SANTA BARBARA

By _____
Chair of the Board of Supervisors

[SEAL]

ATTEST:

Chandra I. Wallar,
Clerk of the Board of Supervisors

**APPROVED AS TO ACCOUNTING
FORM:**

Robert W. Geis, C.P.A.,
Auditor-Controller

APPROVED AS TO FORM:

Dennis Marshall,
County Counsel

APPROVED AS TO FORM:

Ray Aromatorio,
Risk Manager

Deputy County Counsel

EXHIBIT A

Prior Trust Agreement:

Refunded Certificates:

Prepayment Date:

Prepayment Price:

Funding Amount:

EXHIBIT B
[SLGS SUBSCRIPTION]

ESCROW AGREEMENT

by and between

U.S. BANK NATIONAL ASSOCIATION,
AS ESCROW AGENT

and the

COUNTY OF SANTA BARBARA

RELATING TO
2001 CERTIFICATES OF PARTICIPATION
(SANTA BARBARA COUNTY)

Executed and Entered into as of September 1, 2011

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