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**ESCROW AGREEMENT**

between the

**CITY OF MANHATTAN BEACH, CALIFORNIA**

and

**U.S. BANK NATIONAL ASSOCIATION,  
as Escrow Agent**

Dated as of December 1, 2021

Relating to

**Manhattan Beach Refunding Certificates of Participation  
(Metlox and Water/Wastewater Refunding) Series 2012**

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## ESCROW AGREEMENT

This Escrow Agreement, dated as of December 1, 2021 (the “Escrow Agreement”), between the City of Manhattan Beach, California, a political subdivision of the State of California (the “City”), 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 of America and having a corporate trust office in Los Angeles, California, and acting in its capacity as escrow agent with respect to the 2012 Certificates described below (the “Escrow Agent”);

### WITNESSETH:

WHEREAS, in order to refinance the certain public improvements, the City executed and delivered the Certificates of Participation (Metlox and Water/Wastewater Refunding) Series 2012 (the “2012 Certificates”) pursuant to a Trust Agreement, dated as of July 1, 2012, between the City and the Escrow Agent, as trustee with respect to the 2012 Certificates (the “2012 Trust Agreement”); and

WHEREAS, the City has determined that it is in the best interests of the City to prepay its obligations under a Lease Agreement (the “2012 Project Lease”), dated as of July 1, 2012 between the City and the Manhattan Beach Capital Improvements Corporation, a nonprofit public benefit corporation duly organized and existing under the laws of the State of California (the “Corporation”), in connection with the 2012 Certificates and to refund the 2012 Certificates; and

WHEREAS, the City has duly executed and delivered City of Manhattan Beach Refunding Certificates of Participation Series 2021 (the “Refunding Certificates”) under and pursuant to the Trust Agreement, dated as of December 1, 2021 (the “Trust Agreement”), among the City, the Corporation and U.S. Bank National Association, as Trustee (the “Trustee”), a portion of the proceeds of which will be used, together with other available moneys, to fund the 2012 Escrow Fund created hereunder to provide for the payment of all principal and interest with respect to the 2012 Certificates due on January 1, 2022 and the prepayment of the 2012 Certificates on January 1, 2021 (the “Prepayment Date”), at a prepayment price of 100% of the principal amount thereof plus accrued interest thereon (the “Prepayment Price”); and

WHEREAS, the City has taken action to cause to be delivered to the Escrow Agent on the date hereof the sum of \$\_\_\_\_\_ from the proceeds of the Refunding Certificates, which has been deposited by the Escrow Agent in the 2012 Escrow Fund hereinafter referred to and a portion of which will be used by the Escrow Agent on the date hereof to purchase those certain Federal Securities (as such term is defined in the 2012 Trust Agreement) (the “Escrow Securities”) listed in Exhibit A attached hereto and made a part hereof, which Escrow Securities, together with the income to accrue on such Escrow Securities and the uninvested money held in the 2012 Escrow Fund, will be sufficient in accordance with the 2012 Trust Agreement, as certified by Causey Demgen & Moore P.C., Certified Public Accountants (the “Verification Agent”), to provide for the payment of all principal and interest with respect to the 2012 Certificates on or before the Prepayment Date and the prepayment of the 2012 Certificates on the Prepayment Date at the Prepayment Price;

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

Section 1. Establishment, Maintenance and Use of the 2012 Escrow Fund. The Escrow Agent agrees to establish the 2012 Escrow Fund (the “Escrow Fund”) until the 2012 Certificates have

been paid and prepaid as provided in Section 2 hereof. The Escrow Agent agrees to hold the Escrow Securities in the 2012 Escrow Fund and the uninvested money in the 2012 Escrow Fund and the money constituting the receipts on the Escrow Securities in the 2012 Escrow Fund at all times as a separate trust account wholly segregated from all other securities, investments or money held by it; and (other than the purchase of the Escrow Securities) the Escrow Agent will not invest any money at any time on deposit in the 2012 Escrow Fund. All money in the 2012 Escrow Fund is hereby irrevocably pledged to secure the payment and prepayment of the 2012 Certificates as provided in Section 2 hereof; provided, that any money held in the 2012 Escrow Fund that is not used for the payment and prepayment of the 2012 Certificates as provided in Section 2 hereof shall be repaid to the City free from the trust created by the Escrow Agreement.

Section 2. Payment from the 2012 Escrow Fund. The Escrow Agent is hereby irrevocably instructed to, and the Escrow Agent hereby agrees to, use the money in the 2012 Escrow Fund to provide for the payment when due of all principal and interest with respect to the 2012 Certificates on or before the Prepayment Date and the prepayment of the 2012 Certificates on the Prepayment Date at the Prepayment Price.

Section 3. Deficiencies in the 2012 Escrow Fund. If at any time it shall appear to the Escrow Agent that the money in the 2012 Escrow Fund will not be sufficient to make all payments required by Section 2 hereof, the Escrow Agent shall notify the City in writing as soon as reasonably practicable of such fact, stating the amount of such deficiency and the reason therefor, and the City shall use its best efforts to obtain and deposit with the Escrow Agent for deposit in the 2012 Escrow Fund, from any legally available money, such additional money as may be required to provide for the making of all such payments, and the Escrow Agent shall in no event or manner be responsible for the failure of the City to make any such deposit; provided, that the Escrow Agent shall have no duty or obligation to make any analysis or conduct any investigation to determine the sufficiency of the deposits into the 2012 Escrow Fund to make the payments required by Section 2 hereof.

Section 4. Notice of Prepayment. The City hereby irrevocably instructs the Escrow Agent, and the Escrow Agent (as Trustee under the 2012 Trust Agreement) agrees, to give timely notice of the prepayment of the 2012 Certificates maturing on the Prepayment Date in accordance with the 2012 Trust Agreement and in substantially the form attached hereto as Exhibit B.

Section 5. Transfer of Funds After Prepayment of 2012 Certificates. The Escrow Agent hereby agrees to transfer any money or securities remaining in the 2012 Escrow Fund after the payment and prepayment of the 2012 Certificates, to the City, subject to Section 11 hereof.

Section 6. Substitution of Securities.

(a) Interest income and other amounts received by the Escrow Agent as payments on the Escrow Securities shall be held as part of the 2012 Escrow Fund to be used for the purposes set forth in Section 2 hereof and shall not be reinvested.

(b) At the written request of the City, and upon compliance with the conditions hereinafter stated, the Escrow Agent shall sell or otherwise dispose of all or a portion of the cash or Escrow Securities held in the 2012 Escrow Fund hereunder and substitute therefor other securities, now or hereafter authorized, both the interest on and principal of which are guaranteed by the full faith and credit of the United States of America (the "Substituted Investments"). The Escrow Agent shall purchase such Substituted Investments with the

proceeds derived from the sale, transfer, disposition or prepayment of the securities in the 2012 Escrow Fund; provided, that the substitution of investments described above may be effected only after the Escrow Agent receives (i) an opinion of nationally recognized bond counsel to the effect that such termination, disposition and substitution will not result in the inclusion of interest payable on any of the Refunding Certificates or 2012 Certificates in gross income for federal income tax purposes and (ii) a report of nationally recognized independent certified public accountants to the effect that such substitution will not adversely affect the sufficiency of the amount of securities, investments and money on deposit in the 2012 Escrow Fund to provide for the prepayment of the 2012 Certificates on the Prepayment Date. The Escrow Agent shall not be liable or responsible for any loss resulting from any disposition or substitution made pursuant to the Escrow Agreement and in full compliance with the provisions hereof.

Section 7. Fees and Costs of the Escrow Agent.

(a) The rights, duties and obligations of the Escrow Agent shall, except as otherwise expressly provided herein, be governed by the rights, duties and obligations of the Trustee pursuant to the 2012 Trust Agreement. The annual fees and costs of the Trustee for any other duties to be carried out by it under the 2012 Trust Agreement shall continue as previously agreed upon between the Trustee and the City.

(b) The Escrow Agent shall be entitled to payment by the City of reasonable fees and reimbursements for costs incurred in connection with the performance of its rights and duties hereunder, including but not limited to legal and accountants' services in connection with any litigation not arising from the Escrow Agent's negligence or misconduct which may at any time be instituted involving the Escrow Agreement.

(c) The fees of and the costs incurred by the Escrow Agent shall in no event be deducted or payable from or constitute a lien against the 2012 Escrow Fund.

(d) The City acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the City the right to receive brokerage confirmations of security transactions as they occur, the City specifically waives receipt of such confirmations to the extent permitted by law. The Escrow Agent will furnish the City periodic transaction statements which include detail for all investment transactions made by the Escrow Agent hereunder; provided that the Escrow Agent is not obligated to provide an accounting for any fund or account that (a) has a balance of \$0.00 and (b) has not had any activity since the last reporting date.

Section 8. Indemnification. The City, to the extent allowed by law, hereby assumes liability for, and hereby agrees (whether or not any of the transactions contemplated hereby are consummated) to indemnify, protect, save and hold harmless the Escrow Agent and its respective successors, assigns, agents and servants from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including legal fees and disbursements whether incurred prior to trial, at trial, or on appeal or in any bankruptcy or arbitration proceedings) of whatsoever kind and nature which may be imposed on, incurred by, or asserted against, at any time, the Escrow Agent (whether or not also indemnified against by the City or any other person under any other agreement or instrument) and in any way relating to or arising out of the execution and delivery of the Escrow Agreement, the establishment of the 2012 Escrow

Fund, the retention of the money therein and any payment, transfer or other application of money or securities by the Escrow Agent in accordance with the provisions of the Escrow Agreement, or as may arise by reason of any act, omission or error of the Escrow Agent made in good faith in the conduct of its duties; provided, that the City shall not be required to indemnify the Escrow Agent against its own negligence or misconduct. The indemnities contained in this section shall survive the termination of the Escrow Agreement.

Section 9. Resignation of the Escrow Agent. The Escrow Agent may resign and be discharged of its duties hereunder if and at such time as the Trustee shall resign or be discharged as trustee under the 2012 Trust Agreement in accordance with the provisions of the 2012 Trust Agreement. Any successor trustee under the 2012 Trust Agreement shall succeed as the Escrow Agent under the Escrow Agreement.

Section 10. Merger or Consolidation of the Escrow Agent. Any company into which the Escrow Agent may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Escrow Agent may sell or transfer all or substantially all of its corporate trust business, as long as such company shall be eligible under the 2012 Trust Agreement, shall be the successor hereunder to the Escrow Agent without the execution or filing of any paper or any further act.

Section 11. Termination; Unclaimed Money. The Escrow Agreement shall terminate when the interest and principal on the 2012 Certificates has been paid as provided in Section 2 hereof and the 2012 Certificates have been prepaid as provided in Section 2 hereof; provided, that all money held by the Escrow Agent in the 2012 Escrow Fund for the payment and discharge of any of the 2012 Certificates which remains unclaimed shall be disposed of in accordance with the terms of the 2012 Trust Agreement.

Section 12. Capacity of Trustee. The Escrow Agent is entering into the Escrow Agreement in its capacity as Trustee under the 2012 Trust Agreement. Subject to the provisions of Sections 5, 6 and 11 hereof, all money held by the Escrow Agent hereunder is to be held and applied for the payment and the prepayment of the 2012 Certificates in accordance with the 2012 Trust Agreement.

Section 13. Tax-Exempt Nature of Interest on the Refunding Certificates. The City covenants and agrees for the benefit of the registered owners of the Refunding Certificates that it will not perform or permit to be performed any thing or act in such manner as would cause interest on the Refunding Certificates to be included in the gross income of the recipients thereof for federal income tax purposes under the Internal Revenue Code of 1986 (the "Code"), and, in particular, it will not use any of the proceeds received from the sale of the Refunding Certificates, directly or indirectly, in any manner which would result in the Refunding Certificates being classified as "arbitrage bonds" within the meaning of Section 148(a) of the Code.

Section 14. 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 15. Amendment. The parties hereto may, without the consent of or notice to the holders of the 2012 Certificates, enter into such agreements supplemental to the Escrow Agreement

as shall not adversely affect the rights of such holders hereunder and shall not be inconsistent with the terms and provisions of the Escrow Agreement, for any one or both of the following purposes:

(a) to cure any ambiguity or formal defect or omission in the Escrow Agreement;  
and

(b) to grant or confer upon the Escrow Agent, for the benefit of the holders of the Refunding Certificates, any additional rights, remedies, powers or City that may lawfully be granted to or conferred upon the Escrow Agent.

The Escrow Agent shall enter into such agreements only upon receipt of, and shall be entitled to rely conclusively upon, an opinion of nationally recognized bond counsel to the effect that any such agreement complies with this section, and does not adversely affect the rights of the holders of the Refunding Certificates.

Section 16. Execution in Counterpart. The Escrow Agreement may be executed in any number of counterparts, each of which shall for all purposes be deemed to be an original and all of which shall together constitute but one and the same instrument.

Section 17. Notice to the Escrow Agent and the City. Any notice to or demand upon the Escrow Agent may be served or presented, and such demand may be made, at the corporate trust office of the Escrow Agent at U.S. Bank National Association, 633 W. Fifth Street, 24th Floor, Los Angeles, CA 90071, Attention: Corporate Trust Services, Ref: City of Manhattan Beach, or as otherwise specified by the Escrow Agent in accordance with the provisions of the Indentures. Any notice to or demand upon the City shall be deemed to have been sufficiently given or served for all purposes by being mailed by first class mail, and deposited, postage prepaid, in a post office letter box, addressed to the City of Manhattan Beach, 1400 Highland Avenue, Manhattan Beach, California 90266, Attention: Director of Finance (or at such other address as may have been filed in writing by the City with the Trustee).

Section 18. Governing Law. The Escrow Agreement shall be governed by and construed in accordance with the laws of the State of California.

IN WITNESS WHEREOF, the City and the Escrow Agent have each caused the Escrow Agreement to be signed in its name by its duly authorized officer all as of the day and year first above written.

CITY OF MANHATTAN BEACH, CALIFORNIA

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

U.S. BANK NATIONAL ASSOCIATION,  
Escrow Agent

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



**EXHIBIT A**

**ESCROW SECURITIES**

<b>Type</b>	<b>Settlement Date</b>	<b>Maturity Date</b>	<b>Par Amount</b>	<b>Coupon Rate</b>	<b>Price</b>	<b>Total Cost</b>
SEE ATTACHMENT UNINVESTED						\$

**EXHIBIT B**  
**FORM OF PREPAYMENT NOTICE**

**CITY OF MANHATTAN BEACH**  
**CERTIFICATES OF PARTICIPATION**  
**(METLOX AND WATER/WASTEWATER REFUNDING) SERIES 2012**

NOTICE IS HEREBY GIVEN to the registered owners of the above-referenced certificates identified in the table below (the “Certificates”) issued under the Trust Agreement, dated as of July 1, 2012, between the City and U.S. Bank National Association, as trustee with respect to the 2012 Certificates (the “2012 Trust Agreement”), the Certificates (which were originally executed and delivered on July 11, 2012) have been called for prepayment on January 1, 2021 (the “Prepayment Date”) at a prepayment price of 100% of the principal amount thereof (the “Prepayment Price”), together with the accrued interest if any thereon to the Prepayment Date.

**CERTIFICATES OF PARTICIPATION**  
**(METLOX AND WATER/WASTEWATER REFUNDING) SERIES 2012**

<b>Payment Date</b> <b><u>(January 1)</u></b>	<b>Principal</b> <b><u>Amount</u></b>	<b>Interest</b> <b><u>Rate</u></b>	<b>CUSIP</b> <b><u>Number</u><sup>†</sup></b>
2023	730,000	4.00%	562765CV7
2024	765,000	4.00	562765CW5
2025	800,000	4.00	562765CX3
2026	830,000	3.00	562765CY1
2027	590,000	3.125	562765CZ8
2028	610,000	3.25	562765DA2
2029	630,000	4.00	562765DB0
2030	650,000	4.00	562765DC8
2031	680,000	3.50	562765DD6
2032	700,000	3.50	562765DE4

Interest on the Certificates shall cease to accrue from and after the Prepayment Date. Payment of the Prepayment Price will become due and payable on the Prepayment Date upon presentation and surrender of the Certificates, in person or by mail, at the office of the Trustee, as follows:

U.S. BANK NATIONAL ASSOCIATION  
[PREPAYMENT ADDRESS]

If the Certificates are mailed, the use of registered, insured mail is recommended.

Withholding of 28% of gross prepayment proceeds of any payment made within the United States may be required by the Jobs and Growth Tax Relief Reconciliation Act of 2012 (the “Act”), unless the Trustee has the correct taxpayer identification number (social security or employer identification number) or exemption certificate of the payee. Please furnish a properly completed Form W-9 or exemption certificate or equivalent when presenting your securities.

Dated: December \_\_, 2021.

**CITY OF MANHATTAN BEACH, CALIFORNIA**

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By U.S. Bank National Association, as Trustee

EXHIBIT B