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**2001 HOUSING BONDS  
ESCROW DEPOSIT AND TRUST AGREEMENT**

**by and among**

**SUCCESSOR AGENCY TO THE  
PALM SPRINGS COMMUNITY REDEVELOPMENT AGENCY,**

**and**

**THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.  
*as Escrow Bank***

**Dated as of May 1, 2014**

**Relating to  
the Refunding of**

**\$5,805,000  
Community Redevelopment Agency of the City of Palm Springs  
2001 Housing Tax Allocation Bonds**

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HOUSING BONDS

## **2001 HOUSING BONDS ESCROW DEPOSIT AND TRUST AGREEMENT**

This 2001 HOUSING BONDS ESCROW DEPOSIT AND TRUST AGREEMENT (this "Agreement") is made and entered into as of the 1st day of May, 2014, by and between the SUCCESSOR AGENCY TO THE PALM SPRINGS COMMUNITY REDEVELOPMENT AGENCY, a public entity duly created and existing under the laws of the State of California (the "Successor Agency"), and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association organized and existing under the laws of the United States of America, acting as successor trustee for the 2001 Housing Bonds (the "2001 Housing Bonds Trustee") hereinafter referred to and acting as escrow bank hereunder (the "Escrow Bank");

### **WITNESSETH:**

**WHEREAS**, the Palm Springs Community Redevelopment Agency (the "Former Agency") was a public body, corporate and politic, duly established and authorized to transact business and exercise powers under and pursuant to the provisions of the Community Redevelopment Law of the State of California, constituting Part 1 of Division 24 of the Health and Safety Code of the State;

**WHEREAS**, pursuant to Section 34172(a) of the California Health and Safety Code (unless otherwise noted, all Section references hereinafter being to such Code), the Former Agency has been dissolved and no longer exists as a public body, corporate and politic, and pursuant to Section 34173, the City of Palm Springs has become the successor entity to the Former Agency;

**WHEREAS**, Section 34177.5 authorizes the Successor Agency to undertake proceedings for the refunding of outstanding bonds and other obligations of the Former Agency, subject to the conditions precedent contained in said Section 34177.5;

**WHEREAS**, the Former Agency issued its Community Redevelopment Agency of the City of Palm Springs 2001 Housing Tax Allocation Bonds in the initial principal amount of \$5,805,000 (the "2001 Housing Bonds") pursuant to an Indenture of Trust, dated as of July 1, 2001, by and between the Former Agency and BNY Western Trust Company, as predecessor trustee to the Escrow Bank as trustee, (the "2001 Housing Bonds Indenture");

**WHEREAS**, the Successor Agency has determined to issue its Successor Agency to the Palm Springs Community Redevelopment Agency 2014 Subordinate Tax Allocation Refunding Bonds (the "2014 Bonds") pursuant to an Indenture of Trust, dated as of May 1, 2014, by and between the Successor Agency and the Escrow Bank, as trustee (the "2014 Bonds Trustee"), for the purpose, among other things, of providing funds to refund and defease the 2001 Housing Bonds.

**WHEREAS**, the Successor Agency and the Escrow Bank wish to enter into this Agreement for the purpose of providing the terms and conditions relating to the deposit and application of moneys and federal securities (the "Federal Securities") to provide for the redemption of the 2001 Housing Bonds, pursuant to and in accordance with the provisions of the 2001 Housing Bonds Indenture;

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

SECTION 1. *Definition of Federal Securities.* As used herein, the term "Federal Securities" has the meaning of the term "Defeasance Securities" in the 2001 Housing Bonds Indenture and consists of cash; State and Local Government Securities issued by the United States Treasury; and non-callable United States Treasury bills, notes and bonds, as traded on the open market and zero coupon United States Treasury Bonds.

SECTION 2. *Establishment of Escrow Fund.* There is hereby created the Escrow Fund to be held by the Escrow Bank as an irrevocable escrow securing the redemption of the 2001 Housing Bonds.

All cash and Federal Securities in the Escrow Fund are hereby irrevocably pledged as a special fund for the payment of the principal of and interest on the 2001 Housing Bonds in accordance with the applicable provisions of the 2001 Housing Bonds Indenture. If at any time the Escrow Bank shall receive actual knowledge that the cash and Federal Securities in the Escrow Fund will not be sufficient to make any payment required by Section 4 hereof, the Escrow Bank shall notify the Successor Agency of such fact and the Successor Agency shall immediately cure such deficiency from any source of legally available funds.

SECTION 3. *Deposit into Escrow Fund; Investment of Amounts.* Concurrently with delivery of the 2014 Bonds the Successor Agency shall cause to be transferred to the Escrow Bank for deposit into the Escrow Fund the amount of \$\_\_\_\_\_ in immediately available funds, which shall be derived from the proceeds of sale of the 2014 Bonds. In addition, the Successor Agency shall cause the amount of \$\_\_\_\_\_ on deposit in the Reserve Account established for the 2001 Housing Bonds by the 2001 Housing Bonds Indenture to be transferred in immediately available funds to the Escrow Bank for deposit into the Escrow Fund.

Of the total amount of \$\_\_\_\_\_ deposited in the Escrow Fund, the Escrow Bank shall invest \$\_\_\_\_\_ in the Federal Securities described in Exhibit A attached hereto and hereby made a part hereof. The Escrow Bank shall hold the remaining \$\_\_\_\_\_ of such deposit in the Escrow Fund uninvested.

The Federal Securities shall be deposited with and held by the Escrow Bank in the Escrow Fund solely for the uses and purposes set forth herein. The Escrow Bank shall have no lien upon or right of set off against the Federal Securities and cash at any time on deposit in the Escrow Fund.

SECTION 4. *Instructions as to Application of Deposit.* The total amount of Federal Securities and cash deposited in the Escrow Fund pursuant to Section 3 shall be applied by the Escrow Bank for the sole purpose of paying the principal of and interest on the 2001 Housing Bonds, at the times and in the amounts set forth in the schedule shown in Exhibit B attached hereto and by this reference incorporated herein. Following payment in full of such principal of and interest on the 2001 Housing Bonds, all amounts on deposit in the Escrow Fund shall be transferred to the trustee for the 2014 Bonds, for deposit in the Interest Account established for the 2014 Bonds.

SECTION 5. *Application of Certain Terms of 2001 Housing Bonds Documents.* All of the terms of the 2001 Housing Bonds Indenture relating to the making of payments of principal of and interest on the 2001 Housing Bonds, respectively, are incorporated in this Agreement as if set forth in full herein. The provisions of the 2001 Housing Bonds Indenture relating to the resignation and removal of the 2001 Housing Bonds Trustee are also incorporated in this Agreement as if set forth in full herein and shall be the procedure to be followed with respect to any resignation or removal of the Escrow Bank hereunder.

SECTION 6. *Proceedings for Redemption of Refunded 2001 Housing Bonds.* The Successor Agency hereby irrevocably elects to redeem all of the outstanding 2001 Housing Bonds on \_\_\_\_\_, 2014, pursuant to the provisions of Section 2.02(a) of the 2001 Housing Bonds Indenture. Notice of such redemption shall be given timely by the Escrow Bank in accordance with Section 2.02(d) of the 2001 Housing Bonds Indenture, at the expense of the Successor Agency. In addition, the Escrow Bank shall, on behalf of the Successor Agency, promptly file a notice of material event with respect to the defeasance of the 2001 Housing Bonds in customary form on the Electronic Municipal Market Access system of the Municipal Securities Rulemaking Board.

The Escrow Bank may rely upon the verification of \_\_\_\_\_, certified public accountants, that the total amount deposited in the Escrow Fund pursuant to Section 3, together with investment earnings thereon, will be fully sufficient to pay all interest due with respect to the 2001 Housing Bonds on \_\_\_\_\_, 2014, and to prepay all principal due with respect to the 2001 Housing Bonds in full on \_\_\_\_\_, 2014, the date of optional repayment of the 2001 Housing Bonds.

SECTION 7. *Compensation to Escrow Bank.* The Successor Agency shall pay the Escrow Bank full compensation for its duties under this Agreement, including out-of-pocket costs such as publication costs, redemption expenses, legal fees and other costs and expenses relating hereto and, in addition, all fees, costs and expenses relating to the purchase of any Federal 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 8. *Liabilities and Obligations of Escrow Bank.* The Escrow Bank shall have no obligation to make any payment or disbursement of any type or incur any financial liability in the performance of its duties under this Agreement unless the Successor Agency shall have deposited sufficient funds therefor with the Escrow Bank. The Escrow Bank may rely and shall be protected in acting upon the written or oral instructions of the Successor Agency, or its agents, relating to any matter or action as Escrow Bank under this Agreement.

The Successor Agency covenants, to the extent permitted by law, to indemnify and hold harmless the Escrow Bank, its officers, directors, employees and agents against any loss, liability or expense, including legal fees, incurred in connection with the performance of any of its duties hereunder including defending against any claim asserted against it hereunder, except the Escrow Bank shall not be indemnified against any loss, liability or expense resulting from its negligence or willful misconduct.

The Escrow Bank undertakes only such duties as are expressly and specifically set forth in this Agreement and no implied duties or obligations shall be read into this Agreement against the Escrow Bank. The Escrow Bank shall not be responsible for any of the recitals or representations made herein other than that the Escrow Bank is qualified to accept and administer the trusts created hereunder. The Escrow Bank shall not be liable for the accuracy

of any calculations provided as to the sufficiency of the moneys deposited with it to pay the principal of or interest or redemption premiums on the 2001 Housing Bonds. The Escrow Bank may conclusively rely on any certification, report, or opinion of certified public accountants in connection with the transactions contemplated hereby and shall not be responsible for verifying the accuracy of any calculations therein. The Escrow Bank shall not have any liability hereunder except to the extent of its own negligence or willful misconduct. In no event shall the Escrow Bank be liable for any special, indirect or consequential damages. The Escrow Bank shall not be liable for any error of judgment made in good faith by a responsible officer or officers of the Escrow Bank, unless it shall be proved that the Escrow Bank was negligent in making such judgment. The Escrow Bank may consult with counsel of its own choice 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; provided that this sentence shall not be construed to permit the Escrow Bank to alter the terms of this Agreement.

Whenever in the administration of this Agreement the Escrow Bank 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 Bank, be deemed to be conclusively proved and established by a certificate of any authorized representative of the Successor Agency, and such certificate shall, in the absence of negligence or willful misconduct on the part of the Escrow Bank, be full warrant to the Escrow Bank for any action taken or suffered by it under the provisions of this Agreement upon the faith thereof. The Escrow Bank may conclusively rely, as to the truth and accuracy of the statements and correctness of the opinions and the calculations provided, and shall be protected and indemnified, in acting or refraining from acting, upon any written notice, instruction, request, certificate, document or opinion furnished to the Escrow Bank 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.

The Escrow Bank may at any time resign by giving written notice to the Successor Agency of such resignation. Upon receipt of such notice, the Successor Agency shall promptly appoint a successor escrow bank; *provided, however*, that such resignation shall not become effective until the acceptance of such successor of the duties of the Escrow Bank hereunder.

The Escrow Bank shall incur no liability for losses arising from any investment made pursuant to this Agreement.

Any company into which the Escrow Bank 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 Bank may sell or transfer all or substantially all of its trust business shall be the successor to the Escrow Bank without the execution of filing of any paper or further act, anything herein to the contrary notwithstanding.

The Escrow Bank's rights to indemnification hereunder shall survive its resignation of removal and the termination of this Agreement.

No provisions of this Agreement shall require the Escrow Bank to expend or risk its own funds or otherwise incur and financial liability in the performance or exercise of any of its duties hereunder, or in the exercise of its rights and powers.

SECTION 9. *Amendment.* This Agreement may be amended by the parties hereto, but only if there shall have been filed with the Successor Agency and the Escrow Bank a written opinion of Bond Counsel stating that such amendment will not materially adversely affect the interests of the owners of the 2001 Housing Bonds, and that such amendment will not cause interest on the 2001 Housing Bonds or the 2014 Bonds to become includable in the gross income of the owners thereof for federal income tax purposes.

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

SECTION 11. *Applicable Law.* This Agreement shall be governed by and construed in accordance with the laws of the State of California.

IN WITNESS WHEREOF, the Successor Agency and the Escrow Bank have each caused this Agreement to be executed by their duly authorized officers all as of the date first above written.

**SUCCESSOR AGENCY TO THE PALM  
SPRINGS COMMUNITY  
REDEVELOPMENT AGENCY**

By \_\_\_\_\_  
Executive Director

**THE BANK OF NEW YORK MELLON  
TRUST COMPANY, N.A., as Escrow Bank**

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

**EXHIBIT A**

**SCHEDULE OF FEDERAL SECURITIES**

<b>Security</b>	<b>Principal Amount</b>	<b>Interest Rate</b>	<b>Maturity Date</b>	<b>First Interest Payment</b>
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[TO COME]

**EXHIBIT B**

**PAYMENT AND REDEMPTION SCHEDULE OF THE  
2001 HOUSING BONDS**

<b><u>Date</u></b>	<b><u>Called Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
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[TO COME]