

ESCROW AGREEMENT

Relating to

**CITY OF RIVERSIDE
TAXABLE PENSION OBLIGATION REFUNDING BOND ANTICIPATION NOTES
2016 SERIES A**

This Escrow Agreement (the “Agreement”), dated as of May 1, 2017, is by and between the CITY OF RIVERSIDE, a municipal corporation, duly organized and existing pursuant to the Constitution and laws of the State of California (the “City”), and U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, as escrow bank (the “Escrow Bank”).

WITNESSETH:

WHEREAS, the City has heretofore caused the execution and delivery of its Taxable Pension Obligation Refunding Bond Anticipation Notes, 2016 Series A (the “2016 Notes”) in the original aggregate principal amount of \$31,145,000 pursuant to a Tenth Supplemental Trust Agreement (the “Tenth Supplemental Trust Agreement”) dated as of May 1, 2016, by and between the City and U.S. Bank National Association, as trustee (the “Trustee”);

WHEREAS, the City has determined that it is in the best interest of the City to refund on a current basis all of the outstanding 2016 Notes (the “Refunded Notes”), and the City has proposed to cause to be provided funds required to pay at maturity all of the outstanding Refunded Notes on June 1, 2017, and it is desirable to enter into this Agreement to provide for the refunding of the Refunded Notes;

WHEREAS, the City, under an Eleventh Supplemental Trust Agreement, dated as of May 1, 2017 (the “Eleventh Supplemental Trust Agreement”), by and between the City and U.S. Bank National Association, as trustee, has determined to cause the issuance, execution and delivery of its City of Riverside Taxable Pension Obligation Refunding Bonds, 2017 Series A (the “2017 Bonds”) for the purpose, among other things, of providing for the full defeasance and current refunding of the Refunded Notes;

WHEREAS, the City has determined to use a portion of the proceeds of the 2017 Bonds together with other moneys available therefor to refund the Refunded Notes and cause their payment in full at maturity on June 1, 2017.

WHEREAS, the City, in the Eleventh Supplemental Trust Agreement, has directed that a portion of the proceeds of the sale of the 2017 Bonds be deposited hereunder, such amount, together with other moneys deposited herewith and to be held uninvested as cash hereunder (the “Cash”), which Cash will be sufficient to pay in full the principal of and interest on the Refunded Notes at their maturity on June 1, 2017 and which amounts with respect to the Refunded Notes are set forth on Exhibit A hereto.

WHEREAS, the Escrow Bank has full power to perform the duties and obligations to be undertaken by it pursuant to this Agreement;

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants herein set forth, the parties hereto do hereby agree as follows:

Section 1. Refunding of Refunded Notes; Deposit of Funds. The City hereby elects and agrees to deposit or cause to be deposited with the Escrow Bank, the Cash in the amount set forth in Section 3 hereof, into the Escrow Fund established pursuant to Section 2 hereof, which Cash will be sufficient to pay the principal and interest on the Refunded Notes at their maturity on June 1, 2017.

Section 2. Escrow Fund. There is hereby established a special fund, to be held in trust by the Escrow Bank for the benefit of the holders and owners of the Refunded Notes with respect to the payment of the principal of and interest on the Refunded Notes payable at maturity on June 1, 2017, to be known as the "Escrow Fund." There shall be deposited in and credited to the Escrow Fund the Cash in the amount set forth in Section 3 hereof. All amounts held in the Escrow Fund shall be retained by the Escrow Bank in the Escrow Fund.

Any balance remaining in the Escrow Fund after all of the Refunded Notes shall have been paid in full and any reasonable fees and expenses of the Escrow Bank have been paid shall be transferred to the City as its property free and clear of the lien of this Agreement or the trust agreement pursuant to which the Refunded Notes were issued, as supplemented. The Escrow Fund shall thereupon be terminated.

Section 3. Deposit of Cash to Escrow; Disposition of Existing Funds. In consideration of the deposit of a portion of the proceeds of the 2017 Bonds with the Escrow Bank by the City for the purposes herein set forth the City hereby directs the Escrow Bank, and the Escrow Bank hereby agrees, to deposit in the Escrow Fund the amount of \$_____ received from the proceeds of the 2017 Bonds and \$_____ from amounts held under the various funds and accounts established under the Tenth Supplemental Trust Agreement. Said total amount of \$_____ is referred to herein as the "Cash" and shall be held uninvested in the Escrow Fund hereunder. The Cash shall be applied to the payment of principal and interest on the Refunded Notes at their maturity on June 1, 2017.

The City, based on the records provided by the Trustee with respect to the Refunded Notes, represents to the Escrow Bank that the Cash so deposited, without reinvestment, is sufficient to pay in full the principal and interest on the Refunded Notes at their maturity on June 1, 2017, and that no other moneys or securities are required to provide for such payment, except as herein provided.

Section 4. Compensation to Escrow Bank. The Escrow Bank shall look solely to the City for compensation for its duties under this Agreement and shall have no right whatsoever against the Escrow Fund for fees, compensation, costs or expenses until after provision for payment of the redemption price of the Refunded Notes on June 1, 2017. The City shall also reimburse the Escrow Bank from available funds of the City for out-of-pocket costs such as legal fees and other costs and expenses relating hereto, but under no circumstances shall amounts deposited in the Escrow Fund be deemed to be available for said purposes except upon payment in full first having been made on the Refunded Notes.

Section 5. Immunities and Liabilities of Escrow Bank, Resignation, Merger or Consolidation. The Escrow Bank may consult with counsel of its own choice (which may be counsel to the City) 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.

The Escrow Bank shall not be responsible for any of the recitals or representations contained herein.

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, interest, or premiums, if any, on the Refunded Notes.

The Escrow Bank shall not be liable for any action or omission of the City under this Agreement or the Tenth Supplemental Trust 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 an authorized representative of the City, 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 which the Escrow Bank in good faith believes is 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 shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, entitlement order, approval or other paper or document. The Escrow Bank may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, attorneys, custodians or nominees appointed with due care, and shall not be responsible for any willful misconduct or negligence on the part of any agent, attorney, custodian or nominee so appointed. The Escrow Bank shall not be liable to the parties hereto or deemed in breach or default hereunder if and to the extent its performance hereunder is prevented by reason of force majeure. The term "force majeure" means an occurrence that is beyond the control of the Escrow Bank and could not have been avoided by exercising due care. Force majeure shall include acts of God, terrorism, war, riots, strikes, fire, floods, earthquakes, epidemics or other similar occurrences. The Escrow Bank shall have no obligation to invest and reinvest any cash held by it hereunder in the absence of timely and specific written investment direction from the City. In no event shall the Escrow Bank be liable for the selection of investments or for investment losses incurred thereon. The Escrow Bank may purchase or sell to itself or any affiliate, as principal or agent, investments authorized by this Agreement.

The Escrow Bank may at any time resign by giving 30 days written notice of resignation to the City. Upon receiving such notice of resignation, the City shall promptly appoint a successor and, upon the acceptance by the successor of such appointment, release the resigning Escrow Bank from its obligations hereunder by written instrument, a copy of which instrument shall be delivered to the City, the resigning Escrow Bank and the successor. If no successor shall have been so appointed and have accepted appointment within 30 days after the giving of such notice of resignation, the resigning Escrow Bank may petition any court of competent jurisdiction for the appointment of a successor.

Any bank, corporation or association into which the Escrow Bank may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Escrow Bank shall be a party, or any bank, corporation or association succeeding to all or substantially all of the corporate trust business of the Escrow Bank shall be the successor of the Escrow Bank 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 except where an instrument of transfer or assignment is required by law to effect such succession, anything herein to the contrary notwithstanding.

Anything in this Agreement to the contrary notwithstanding, in no event shall the Escrow Bank be liable for special, indirect, punitive or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Escrow Bank has been advised of the likelihood of such loss or damage and regardless of the form of action.

The City hereby agrees to indemnify, protect, save and hold harmless the Escrow Bank from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including legal fees and disbursements) of whatsoever kind and nature which may be imposed on, incurred by, or asserted against, at any time, the Escrow Bank (whether or not also indemnified against by any other person under any other agreement or instrument) and in any way relating to or arising out of the execution and delivery of this Agreement, the establishment of the Escrow Fund, the retention of the moneys therein and any payment, transfer or other application of moneys by the Escrow Bank in accordance with the provisions of this Agreement; *provided, however*, that the City shall not be required to indemnify the Escrow Bank against its own negligence or misconduct.

Section 6. Unclaimed Funds. Notwithstanding any other provision of this Agreement, any money held by the Escrow Bank hereunder in trust remaining unclaimed for one (1) year after the principal of all of the Refunded Notes shall have been paid in full on June 1, 2017 shall then be repaid to the City and the holders and owners of the Refunded Notes shall thereafter be entitled to look only to the City for the repayment thereof, and liability of the Escrow Bank with respect to such money shall thereupon cease. In the event of the repayment of any such money to the City as aforesaid the holders of the Refunded Notes secured hereby with respect to which such money was deposited shall thereafter be deemed to be unsecured creditors of the City, without interest. Notwithstanding the foregoing, the Escrow Bank shall, upon the written request of the City, repay such money to the City at any time earlier than one (1) year if failure to repay such money to the City within such earlier period shall give rise to the operation of any escheat statute under applicable law.

Section 7. No Implied Duties; No Rights to Others. Nothing in this Agreement expressed or implied is intended or shall be construed to give to any person other than the City, the Escrow Bank, the Trustee and the holders and owners of the Refunded Notes any legal or equitable right remedy or claim under or in respect to this Agreement or any covenants, conditions or provisions herein contained; and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the City, the Escrow Bank and the holders and owners of the Refunded Notes. The Escrow Bank shall perform such duties and only such duties as are specifically set forth in this Agreement, and no implied covenants or obligations shall be read into this Agreement against the Escrow Bank. The City agrees to indemnify the Escrow Bank, its directors, agents and its officers or employees for, and hold the Escrow Bank, its directors, 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 Bank) which may be imposed on, incurred by, or asserted against the Escrow Bank or such other party at any time by reason of the performance of its services as Escrow Bank, in any transaction arising out of this Agreement or any of the transactions contemplated herein, unless due to the negligence or willful misconduct of the Escrow Bank. The foregoing sentence shall survive the termination of this Agreement and the earlier removal or resignation of the Escrow Bank.

Section 8. Severability. In case any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid illegal or unenforceable in any respect such invalidity, illegality or unenforceability shall not affect any other provisions of this Agreement but this Agreement shall be construed as if such invalid or illegal or unenforceable provisions had never been contained herein.

Section 9. Counterparts. This Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, and such counterparts, or as many of them as the City and the Escrow Bank shall preserve undestroyed shall together constitute but one and the same instrument.

Section 10. Business Days. Whenever any act is required by this Agreement to be done on a specified day or date, and such date or date shall be a day other than a business day for the Escrow Bank, then such act may be done on the next succeeding business day.

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

Section 12. Waiver of Jury Trial. Each party hereto hereby agrees not to elect a trial by jury of any issue triable of right by jury, and waives any right to trial by jury fully to the extent that any such right shall now or hereafter exist with regard to this Agreement, or any claim, counterclaim or other action arising in connection herewith. This waiver of right to trial by jury is given knowingly and voluntarily by each party, and is intended to encompass individually each instance and each issue as to which the right to a trial by jury would otherwise accrue.

Section 13. Notices. Any notice or demand which by any provision of this Agreement is required or permitted to be given or served by the Escrow Bank to or on the City may be given or served by being deposited postage prepaid in a post office letter box addressed (until another address is filed by the City with the Escrow Bank) as follows:

If to the City: City of Riverside
 3900 Main Street
 Riverside, CA 92522
 Attn: Finance Department

If to the Escrow Bank: U.S. Bank National Association
 633 W. Fifth Street, 24th Floor
 Los Angeles, CA 90071
 Attn: Global Corporate Trust Services

Section 14. Limitation on Obligation of Escrow Bank. The Escrow Bank shall have no obligation to make any payment of any type or incur any financial liability hereunder unless the City shall have deposited sufficient funds with the Escrow Bank.

Section 15. Proceedings for Payment at Maturity of Refunded Notes. The City hereby irrevocably elects to pay the Refunded Notes in full at their maturity on June 1, 2017, from moneys deposited hereunder, pursuant to the provisions of the Tenth Supplemental Trust Agreement.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed in their respective names by their respective duly authorized officers, all as of the day and year first above written.

CITY OF RIVERSIDE

By: _____
Chief Financial Officer

U.S. BANK NATIONAL ASSOCIATION, as Escrow
Bank

By: _____
Authorized Officer

EXHIBIT A

REFUNDED NOTES TO BE
REDEEMED AT MATURITY ON JUNE 1, 2017

<i>Maturity Date</i>	<i>Principal Redeemed</i>	<i>Interest</i>	<i>Premium</i>	<i>Total</i>
June 1, 2017	\$31,145,000	\$ _____	None	\$ _____