

ESCROW AGREEMENT

by and among

HARBOR DEPARTMENT OF THE CITY OF LOS ANGELES

and

U.S. BANK NATIONAL ASSOCIATION,
as Trustee and as Escrow Agent

Dated October 1, 2016

relating to:

Harbor Department of the City of Los Angeles
Revenue Bonds
[] Series [] ([])

ESCROW AGREEMENT

THIS ESCROW AGREEMENT, dated October 1, 2016 (this “Escrow Agreement”), is made by and among the HARBOR DEPARTMENT OF THE CITY OF LOS ANGELES, a Department of the City of Los Angeles (the “Department”), U.S. BANK NATIONAL ASSOCIATION, a national banking association, as trustee under the hereinafter defined [____] Indenture (the “Trustee”) and as escrow agent hereunder (the “Escrow Agent”).

WITNESSETH:

WHEREAS, pursuant to that certain Indenture of Trust, dated as of [____], by and between the Department and U.S. Bank National Association (the “[____] Indenture”), the Department has previously issued \$[_____] original principal amount of its “Harbor Department of the City of Los Angeles Revenue Bonds, [____] Series [] ([____])” (the “Series [____] Bonds”); and

WHEREAS, the Department is, simultaneously with the execution of this Escrow Agreement, issuing \$[_____] aggregate principal amount of the Harbor Department of the City of Los Angeles Revenue Bonds and Refunding Revenue Bonds, 2016 Series A (AMT) (the “2016A Bonds”), \$[_____] aggregate principal amount of the Harbor Department of the City of Los Angeles Refunding Revenue Bonds, 2016 Series B (“2016B Bonds”), and \$[_____] aggregate principal amount of the Harbor Department of the City of Los Angeles Refunding Revenue Bonds, 2016 Series C (the “2016C Bonds” and together with the 2016A Bonds and the 2016B Bonds, the “Series 2016 Bonds”), under the terms of that certain Indenture of Trust, dated as of October 1, 2016 (the “2016 Indenture”), by and between the Department and the Trustee; and

WHEREAS, the Series 2016 Bonds are being issued to, among other things, [current][advance] refund all of the outstanding Series [____] Bonds (the portions of the Series [____] Bonds refunded, the “Refunded Bonds”);

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

Section 1. Appointment of Escrow Agent. The Department hereby appoints U.S. Bank National Association to serve as escrow agent hereunder with such duties and responsibilities as are set forth herein.

Section 2. Creation of [____] Escrow Fund. There is hereby created and established with the Escrow Agent a special and irrevocable escrow fund designated the “[____] Escrow Fund” to be held in the custody of the Escrow Agent under this Escrow Agreement for the benefit of the owners of the Refunded Bonds. Except as otherwise provided in Section 7 hereof, the Department shall have no interest in the funds or investments held in the [____] Escrow Fund.

Section 3. Deposit to the [_____] Escrow Fund.

(a) Concurrently with the execution and delivery of this Escrow Agreement, the Department hereby directs the Escrow Agent, in its capacity as trustee under the [_____] Indenture, and the Escrow Agent shall, deposit the sum of \$[_____] (the “Escrow Deposit”), which is derived from:

- (1) \$[_____] from amounts transferred from the [_____] Interest Account;
and
- (2) \$[_____] of the proceeds of the Series 2016 Bonds.

(b) The Escrow Agent hereby acknowledges receipt of the Escrow Deposit, as described in paragraph (a) above, and that such amounts were deposited in the [_____] Escrow Fund.

(c) [The Department represents, and [_____] (the “Verification Agent”) has verified, that upon making the deposits pursuant to Section 2(a), the moneys on deposit in the [_____] Escrow Fund will be at least equal to an amount sufficient to purchase the Federal Securities and Agencies (as such terms are defined in the [_____] Indenture) set forth in Exhibit A hereto (generally, “Government Obligations,” and the Government Obligations specifically set forth in Exhibit A, the “Escrow Securities”), with \$[_____] to be held in cash following such purchase (the “Initial Cash”), which principal, together with all interest due or to become due on such Escrow Securities and the Initial Cash, will be sufficient to pay the Redemption Price (as defined below) of the Refunded Bonds on the Redemption Date (as defined below).]

Section 4. Investment of [_____] [_____] Escrow Fund. [The Escrow Agent shall hold the Escrow Deposit uninvested and in cash and disburse such amounts as provided herein.]

[(a) The Escrow Agent hereby acknowledges receipt of the moneys described in Section 2(a) and agrees to invest \$[_____] of such moneys in the Escrow Securities upon receipt of certification by the Verification Agent that the Escrow Securities will mature in such principal amounts and earn interest in such amounts so that sufficient moneys will be available from maturing principal and interest on the Escrow Securities, together with the Initial Cash, to pay the Redemption Price for the Refunded Bonds on the Redemption Date.

(b) Upon the written request of the Department, but subject to the conditions and limitations herein set forth, the Escrow Agent shall purchase substitute Government Obligations for the Government Obligations then held hereunder with the proceeds derived from the sale, transfer, redemption or other disposition of Government Obligations then on deposit in the [_____] Escrow Fund and any uninvested money then held by the Escrow Agent hereunder in accordance with the provisions of this Section 4(b). Such sale, transfer, redemption or other disposition of Government Obligations then on deposit in the [_____] Escrow Fund and substitution of other Government Obligations shall be effected by the Escrow Agent upon the written request of the Department but only by a simultaneous transaction and only upon receipt of: (i) certification by a nationally recognized firm of independent certified public accountants that the Government Obligations to be substituted, together with the Government Obligations which will continue to be held in the [_____] Escrow Fund, will mature in such principal amounts

and earn interest in such amounts and, in each case, at such times so that sufficient moneys will be available from maturing principal and interest on such Government Obligations held in the [_____] Escrow Fund, together with any uninvested moneys, to pay the Redemption Price for the Refunded Bonds on the Redemption Date; and (ii) receipt by the Escrow Agent of an opinion of Nixon Peabody LLP or other nationally recognized bond counsel (an “Opinion of Bond Counsel”) to the effect that the sale, transfer, redemption or other disposition and substitution of Government Obligations will not cause interest on the Refunded Bonds to be included in gross income for federal tax purposes under relevant provisions of the Code and the regulations thereunder in effect on the date of such sale, transfer, redemption or other disposition and substitution and applicable to obligations issued on the date of issuance and sale of such Refunding Bonds.

€ Upon the written request of the Department, but subject to the conditions and limitations herein set forth, the Escrow Agent will apply any moneys received from the maturing principal of or interest or other investment income on any Government Obligations held in the [_____] Escrow Fund, or the proceeds from any sale, transfer, redemption or other disposition of Government Obligations pursuant to Section 4(b) not required for the purposes of said Section, as follows: (i) to the extent such moneys will not be required at any time for the purpose of paying the Redemption Price for the Refunded Bonds on the Redemption Date, as certified by a nationally recognized firm of independent certified public accountants delivered to the Escrow Agent, after payment of any amounts then owed to the Escrow Agent, such moneys shall be paid over to the Department upon the written request of the Department as received by the Escrow Agent, free and clear of any trust, lien, pledge or assignment securing the Refunded Bonds or otherwise existing hereunder or under the Indenture; (ii) to the extent such moneys will be required for such purpose at a later date, such moneys shall, to the extent practicable, be invested or reinvested in Government Obligations subject to parameters as to investment or reinvestment delivered by the Department to the Escrow Agent (which shall remain in full force and effect unless and until the Department provides subsequent parameters in accordance with this clause (ii)) together with an Opinion of Bond Counsel to the effect that such parameters as to investment or reinvestment will not adversely affect the opinion rendered by Nixon Peabody LLP on [_____] as to the defeasance of the Refunded Bonds. Interest earned from such investments or reinvestments shall be paid over to the Department upon compliance with the provisions of clause (i) of this Section 4(c), upon the written request of the Department.

(d) All Government Obligations purchased pursuant to this Agreement shall be deposited in and held for the credit of the [_____] Escrow Fund. Except as provided in this Section 4 and in Section 6, no moneys or Government Obligations deposited with the Escrow Agent pursuant to this Agreement nor principal of, or interest payments or other investment income on, any such Government Obligations shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment and redemption of the Refunded Bonds.

€ The Escrow Agent shall not be held liable for investment losses resulting from compliance with the provisions of this Agreement.

(f) The Department acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Department the right to receive brokerage confirmations of security transactions as they occur, the Department specifically

waives receipt of such confirmations to the extent permitted by law. The Escrow Agent will furnish the Department periodic cash transaction statements which shall include detail for all investment transactions made by the Escrow Agent hereunder.]

Section 5. Creation of Lien on [_____] Escrow Fund. The Escrow Deposit shall constitute an irrevocable deposit for the benefit of the holders of the Refunded Bonds. The holders of the Refunded Bonds are hereby granted an express lien on the [_____] Escrow Fund and all moneys and investments from time to time held therein for the payment of the Redemption Price for the Refunded Bonds.

Section 6. Use of [_____] Escrow Fund. On _____, the Escrow Agent shall withdraw from the [_____] Escrow Fund the amount necessary to pay all of the principal of and accrued and unpaid interest on (the "Redemption Price"), and to redeem, all of the Refunded Bonds on [_____] (the "Redemption Date"), pursuant to the [_____] Indenture.

The Escrow Agent shall retain all unclaimed moneys uninvested and in cash. At such time as the Department delivers to the Escrow Agent written notice that no additional amounts from the [_____] Escrow Fund will be needed to redeem the Refunded Bonds, or on [_____], whichever occurs first, the Escrow Agent shall transfer all amounts then remaining in the [_____] Escrow Fund for deposit in the applicable account of the Interest Fund established under the 2016 Indenture to be used to pay interest on the Series 2016 Bonds. At such time as no amounts remain in the [_____] Escrow Fund, such fund shall be closed.

Section 7. Notice of Redemption. [The Escrow Agent and the Department hereby acknowledge that the notices of redemption of the Refunded Bonds to the owners of the Refunded Bonds and other parties were delivered on [_____] in the manner and as required pursuant to the [_____] Indenture.][The Department hereby directs the Escrow Agent to deliver a notice of redemption with respect to the Refunded Bonds in the form attached hereto as Exhibit A to the parties required by and in the manner provided in the [_____] Indenture].

Section 8. Liability of Escrow Agent.

(a) The Escrow Agent shall not under any circumstances be liable for any loss resulting from any investment made pursuant to this Escrow Agreement in compliance with the provisions hereof. The Escrow Agent shall have no lien whatsoever on the [_____] Escrow Fund or the Escrow Deposit.

(b) The Escrow Agent shall not be liable for the accuracy of the calculations as to the sufficiency of any moneys deposited into the [_____] Escrow Fund to pay the principal of and the accrued and unpaid interest on the Refunded Bonds.

(c) No provision of this Escrow Agreement shall require the Escrow Agent to expend or risk its own funds.

(d) The Escrow Agent may consult with bond counsel to the Department or with such other counsel of its own choice subject to reasonable approval by the Department (which may but need not be counsel to the Department) 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) Whenever in the administration of this Escrow Agreement the Escrow Agent shall deem it necessary or desirable that a matter be proved or established prior to taking or not taking any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of negligence or 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 Department, and such certificate shall, in the absence of negligence or misconduct on the part of the Escrow Agent, be full warrant to the Escrow Agent for any action taken or not taken by it under the provisions of this Escrow Agreement in reliance thereon. The Escrow Agent hereby represents that, as of the date hereof, it does not need any further certificate or direction from any other party in order to carry out the terms of this Escrow Agreement.

(f) 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 shall be protected and indemnified as set forth in Section 12 herein, 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.

(g) 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.

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

(i) The Escrow Agent's rights to indemnification hereunder shall survive its resignation or removal and the termination of the Agreement.

Section 9. Successor 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, consolidation or tax-free reorganization to which the Escrow Agent shall be a party or any company succeeding to the corporate trust business of the Escrow Agent, shall be the successor Escrow Agent under this Escrow Agreement without the execution or filing of any paper or any other act on the part of the parties hereto, anything herein to the contrary notwithstanding. The Escrow Agent shall give written notice to the Department upon or prior to the occurrence of such an event.

Section 10. Termination. This Escrow Agreement shall terminate when all transfers and payments required to be made by the Escrow Agent under the provisions hereof shall have been made. The Department hereby directs the Escrow Agent to, and the Escrow Agent shall, distribute any moneys remaining in the [____] Escrow Fund at the time of such termination to the applicable accounts in the Interest Fund established under the 2016 Indenture.

Section 11. Tax-Exempt Nature of Interest on the Refunded Bonds. The Department covenants and agrees for the benefit of the holders of the Refunded Bonds that it will not direct or permit any thing or act to be done in such manner as would cause interest on the Refunded Bonds to be included in the gross income of the recipients thereof for federal income tax purposes under the Code, nor will it use any of the proceeds received from the sale of the Series 2016 Bonds, directly or indirectly, in any manner which would result in the Series 2016 Bonds being classified as “arbitrage bonds” within the meaning of the Code.

Section 12. Compensation and Indemnity of Escrow Agent. For acting under this Escrow Agreement, the Escrow Agent shall be entitled to payment of fees for its services as agreed between the Escrow Agent and the Department, including, without limitation, reasonable compensation for all services rendered in the execution, exercise and performance of any of the duties of the Escrow Agent to be exercised or performed pursuant to the provisions of this Escrow Agreement, and all reasonable expenses, disbursements and advances incurred in accordance with any provisions of this Escrow Agreement (including the reasonable compensation and expenses and disbursements of independent counsel, agents and attorneys-at-law or other experts employed by it in the exercise and performance of its powers and duties hereunder and out-of-pocket expenses including, but not limited to, postage, insurance, wires, stationery, costs of printing forms and letters and publication of notices of redemption); however, such amount shall never be payable from or become a lien upon the [____] Escrow Fund, which funds shall be held solely for the purposes and subject to the liens set forth in Section 6 of this Escrow Agreement. To the extent permitted by law, the Department agrees to indemnify and hold the Escrow Agent harmless from and against all claims, suits and actions brought against it, or to which it is made a party, and from all costs, expenses (including reasonable attorneys’ fees of counsel reasonably acceptable to the Department), losses and damages suffered by it as a result thereof, including the costs and expenses of defending against any such claims, suits or actions, where and to the extent such claim, suit or action arises out of the performance by the Escrow Agent of its duties under this Escrow Agreement; provided, however, that such indemnification shall not extend to claims, suits and actions brought against the Escrow Agent which result in a judgment being entered, settlement being reached or other disposition made based upon the Escrow Agent’s negligence or willful misconduct. The indemnification provided for in this Escrow Agreement shall never be payable from or become a lien upon the [____] Escrow Fund, which [____] Escrow Fund shall be held solely for the purpose and subject to the lien set forth in Sections 6, respectively, of this Escrow Agreement. The obligations of the Department under this Section 13 shall remain in effect and continue notwithstanding the termination of this Escrow Agreement and the resignation or the removal of the Escrow Agent.

Section 13. Third-Party Beneficiaries and Amendments. The owners of the Refunded Bonds are hereby recognized as third-party beneficiaries of this Escrow Agreement to the extent of their interests in the [____] Escrow Fund as set forth in Sections 6 and 7 hereof.

Section 14. Replacement and Resignation of Escrow Agent. The Department may remove the Escrow Agent by notice in writing delivered to the Escrow Agent ten (10) days prior to the proposed removal date. The Escrow Agent may resign by notifying the Department in writing at least ten (10) days prior to the proposed effective date of the resignation. No removal or resignation of the Escrow Agent under this Section shall be effective until a new Escrow Agent, approved by the Department, has taken office and delivered a written acceptance

of its appointment to the retiring Escrow Agent and to the Department. Immediately thereafter, the retiring Escrow Agent shall transfer all property held by it as Escrow Agent to the successor Escrow Agent, the removal or resignation of the Escrow Agent shall then, but only then, become effective and the successor Escrow Agent shall have all the rights, powers and duties of the Escrow Agent under this Escrow Agreement. If the Escrow Agent is removed or resigns or for any reason is unable or unwilling to perform its duties under this Escrow Agreement, the Department shall promptly appoint a successor Escrow Agent. If a successor Escrow Agent has not been appointed and has not accepted such appointment by the end of the 10-day period, the Escrow Agent may apply to a court of competent jurisdiction for the appointment of a successor Escrow Agent.

Section 15. Severability. If any one or more of the provisions of this Escrow Agreement should be determined by a court of competent jurisdiction to be contrary to law, such provision shall be deemed and construed to be severable from the remaining provisions herein contained and shall in no way affect the validity of the remaining provisions of this Escrow Agreement.

Section 16. Successors and Assigns. All of the covenants and agreements in this Escrow Agreement contained by or on behalf of the Department, the Trustee or the Escrow Agent shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

Section 17. Governing Law. This Escrow Agreement shall be governed by the applicable laws of the State of California.

Section 18. Headings. Any headings preceding the text of the several Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Escrow Agreement, nor shall they affect its meaning, construction or effect.

Section 19. Amendments. The Department, the Trustee and the Escrow Agent shall not modify this Escrow Agreement in any manner that is materially adverse to the rights of the owners of the Refunded Bonds without the consent of all of the owners of the Refunded Bonds affected by such modification which have not been paid in full.

Section 20. Counterparts. This Escrow Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

[Signature Page Follows]

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

**HARBOR DEPARTMENT OF THE
CITY OF LOS ANGELES**

By: _____
Name: _____
Title: _____

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

By: _____
Authorized Officer

Approved as to Form:

_____, 2016

MICHAEL N. FEUER, City Attorney
JANNA B. SIDLEY, General Counsel

By: _____
Heather M. McCloskey, Deputy

EXHIBIT A
FORM OF REDEMPTION NOTICE