

ESCROW AGREEMENT

By and Between

**CITY OF IMPERIAL
COMMUNITY FACILITIES DISTRICT NO. 2006-2
(SAVANNA RANCH)**

and

**WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Escrow Agent**

Dated as of June 1, 2015

Relating to

**CITY OF IMPERIAL
COMMUNITY FACILITIES DISTRICT NO. 2006-2
(SAVANNA RANCH)
(IMPROVEMENT AREA NO. 1)
SPECIAL TAX REFUNDING BONDS, SERIES 2015A**

ESCROW AGREEMENT

This ESCROW AGREEMENT (the "Agreement"), made and entered into as of June 1, 2015, by and between City of Imperial Community Facilities District No. 2006-2 (Savanna Ranch) (the "District"), and Wells Fargo Bank, National Association, a national banking association having a corporate trust office in Los Angeles, California and being qualified to accept and administer the escrow hereby created (the "Escrow Agent").

WITNESSETH:

WHEREAS, pursuant to the Fiscal Agent Agreement, by and between the City of Imperial, California (the "City") on behalf of District and Union Bank of California, N.A., as Fiscal Agent, which Wells Fargo Bank, National Association succeeded in interest (the "Prior Fiscal Agent"), dated as of December 1, 2006 (the "Prior Fiscal Agent Agreement"), the District previously issued its (Improvement Area No. 1) 2006 Special Tax Bonds (the "2006 Bonds"); and

WHEREAS, the legislative body of the District has determined to issue its (Improvement Area No. 1 Special Tax Refunding Bonds, Series 2015A ("Refunding Bonds") pursuant to the Bond Indenture, by and between the District and Wells Fargo Bank, National Association, as trustee (the "Trustee"), dated as of June 1, 2015 (the "2015 Indenture"), for the purpose of providing moneys which will be sufficient, together with certain moneys held in the Special Tax Fund and the Reserve Fund established under the Prior Fiscal Agent Agreement, to pay at maturity the 2006 Bonds due on September 1, 2015 (the "Redemption Date") and to redeem the remaining outstanding 2006 Bonds as set forth on Schedule A attached hereto (together, the "Refunded Bonds") on the redemption date and at the redemption price equal to 101% of the principal amount of the Refunded Bonds to be redeemed on the Redemption Date, plus accrued interest thereon through the Redemption Date, as set forth on Schedule A hereto (the "Redemption Price"); and

WHEREAS, the Prior Fiscal Agent Agreement provides that monies may be set aside in an escrow fund in order to defease the Refunded Bonds, and the District now desires to deposit funds in a special escrow fund to be created hereunder and maintained by the Escrow Agent (the "Escrow Fund"); and

WHEREAS, the District has taken action to cause to be delivered to the Escrow Agent, for deposit in the Escrow Fund, Refunding Bond proceeds and certain amounts transferred from the Special Tax Fund and the Bond Fund established under the Prior Fiscal Agent Agreement which will be held uninvested in cash therein and together are sufficient to pay the Redemption Price of the Refunded Bonds and the principal, premium and interest due on the Refunded Bonds maturing on September 1, 2015;

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

Section 1. Establishment, Funding and Maintenance of Escrow Fund. The Escrow Agent agrees to establish and maintain the Escrow Fund until final payment of the Refunded Bonds has been made in full and to hold the moneys therein at all times as a special and separate escrow fund (wholly segregated from all other securities, investments or moneys on deposit with the Escrow Agent). The District shall deposit with the Escrow Agent \$_____ from proceeds of the Refunding Bonds and \$_____ from amounts on deposit in the Special Tax Fund and the Reserve Fund

established under the Prior Fiscal Agent Agreement, which amounts are hereby irrevocably pledged to secure the payment of the Refunded Bonds.

Section 2. No Investment of the Escrow Fund. The Escrow Agent shall not invest any amounts in the Escrow Fund and all such amounts shall be held uninvested in cash.

Section 3. Payment of the Refunded Bonds. The District hereby requests and irrevocably instructs the Escrow Agent, and the Escrow Agent hereby agrees, to apply amounts in the Escrow Fund to the payment of the Refunded Bonds at the places and in the manner stipulated in the Refunded Bonds. The Trustee has been notified of the irrevocable election of the District to pay the Redemption Price of the Refunded Bonds on September 1, 2015. The District has requested and irrevocably instructed the Trustee to mail a notice of redemption in accordance with the Prior Fiscal Agent Agreement as set forth in Schedule B attached hereto. Upon payment in full of the Refunded Bonds, the Escrow Agent shall transfer any moneys or securities remaining in the Escrow Fund to the District and this Agreement shall terminate.

Section 4. Possible Deficiencies; Amounts in Excess of Required Cash Balance.

(a) If at any time the Escrow Agent has actual knowledge that the moneys in the Escrow Fund will not be sufficient to make all payments required by Section 3 hereof, the Escrow Agent shall timely notify the District in writing as soon as is reasonably practicable, of such fact, the amount of such deficiency and the reason therefor solely to the extent actually known to it; provided, however, that the District shall have no liability for any deficiency and shall not be required to provide funds to eliminate any such deficiency.

(b) The Escrow Agent shall in no manner be responsible for any deficiency in the Escrow Fund.

Section 5. Fees and Costs. The Escrow Agent has agreed to perform all services rendered under this Agreement as a part of its services as the Prior Fiscal Agent and Trustee for which it is being compensated by the District pursuant to the Prior Fiscal Agent Agreement and Indenture.

Section 6. Merger or Consolidation. 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, shall be eligible to act as the Escrow Agent under this Agreement and shall be the successor to such prior Escrow Agent without the execution or filing of any paper or any further act, notwithstanding anything herein to the contrary.

Section 7. Indemnity. To the maximum extent permitted by law, the District hereby assumes liability for, and hereby agrees (whether or not any of the transactions contemplated hereby are consummated) to indemnify, protect, save and keep harmless the Escrow Agent and its respective successors, assigns, agents, employees and servants, from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including reasonable legal fees and disbursements) of whatsoever kind and nature which may be imposed on, incurred by, or asserted against, the Escrow Agent at any time (whether or not also indemnified against the same by the District or any other person under any other agreement or

instrument, but without double indemnity) in any way relating to or arising out of the execution, delivery and performance of this Agreement, the establishment hereunder of the Escrow Fund, the acceptance of the funds deposited therein, and any payment, transfer or other application of moneys by the Escrow Agent in accordance with the provisions of this Agreement; provided, however, that the District shall not be required to indemnify the Escrow Agent against the Escrow Agent's own negligence or willful misconduct or the negligent or willful misconduct of the Escrow Agent's respective successors, assigns, agents and employees or the breach by the Escrow Agent of the terms of this Agreement. In no event shall the District or the Escrow Agent be liable to any person by reason of the transactions contemplated hereby other than to each other as set forth in this section. The indemnities contained in this section shall survive the termination of this Agreement.

Section 8. Responsibilities of the Escrow Agent. The Escrow Agent and its respective successors, assigns, agents and servants shall not be held to any personal liability whatsoever, in tort, contract, or otherwise, in connection with the execution and delivery of this Agreement, the establishment of the Escrow Fund, the acceptance of the moneys deposited therein, the sufficiency of the cash deposited in the Escrow Fund to accomplish the payment and redemption of the Refunded Bonds or any payment, transfer or other application of moneys or obligations by the Escrow Agent in accordance with the provisions of this Agreement or by reason of any non-negligent act, non-negligent omission or non-negligent error of the Escrow Agent made in good faith in the conduct of its duties. The recitals of fact contained in the "Whereas" clauses herein shall be taken as the statements of the District and the Escrow Agent assumes no responsibility for the correctness thereof. The Escrow Agent makes no representation as to the sufficiency of the cash deposited in the Escrow Fund to accomplish the payment and redemption of the Refunded Bonds or to the validity of this Agreement as to the District and, except as otherwise provided herein, the Escrow Agent shall incur no liability with respect thereto. The Escrow Agent shall not be liable in connection with the performance of its duties under this Agreement except for its own negligence, willful misconduct or default, and the duties and obligations of the Escrow Agent shall be determined by the express provisions of this Agreement. The Escrow Agent may consult with counsel, who may or may not be counsel to the District, and in reliance upon the written opinion of such counsel shall have full and complete authorization and protection with respect to any action taken, suffered or omitted by it in good faith in accordance therewith. No provisions of this Agreement shall require the Escrow Agent to expend or risk its own funds or otherwise incur any financial liability by the performance or exercise of its rights or powers. Whenever the Escrow Agent shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering, or omitting any action under this Agreement, such matter may be deemed to be conclusively established by a certificate signed by an authorized officer of the District.

Section 9. Amendments. This Agreement is made for the benefit of the District and the owners from time to time of the Refunded Bonds and it shall not be repealed, revoked, altered or amended without the written consent of all such owners, the Escrow Agent and the District; provided, however, that if the District and the Escrow Agent receive an opinion of nationally recognized bond attorneys to the effect that the exclusion from gross income for federal income tax purposes of the interest on the Refunded Bonds and the Refunding Bonds will not be adversely affected thereby, they may, without the consent of, or notice to, such owners, amend this Agreement or enter into such agreements supplemental to this Agreement as shall not adversely affect the rights of such owners and as shall not be inconsistent with the terms and provisions of this Agreement, for any one or more of the following purposes: (i) to cure any ambiguity or formal defect or omission in this Agreement; (ii) to grant to, or confer upon, the Escrow Agent for the benefit of the owners of the Refunded Bonds any additional rights, remedies, powers or authority that may lawfully be granted to,

or conferred upon, such owners or the Escrow Agent; and (iii) to include under this Agreement additional funds, securities or properties (but only if the sufficiency of the Escrow Fund for the purpose herein set forth is verified by a nationally recognized firm of independent certified public accountants). The Escrow Agent shall be entitled to rely conclusively upon an unqualified opinion of nationally recognized municipal bond attorneys with respect to compliance with this Section 9, including the extent, if any, to which any change, modification, addition or elimination affects the rights of the owners of the Refunded Bonds or that any instrument executed hereunder complies with the conditions and provisions of this Section 9.

Section 10. Severability. If any section, paragraph, sentence, clause or provision of this 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 this Agreement.

Section 11. Execution in Counterparts. This 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 12. Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

Section 13. Definitions. Any capitalized term used but not otherwise defined in this Agreement shall have the meaning assigned to such term in the Prior Fiscal Agent Agreement.

Section 14. Assignment. This Agreement shall not be assigned by the Escrow Agent or any successor thereto without the prior written consent of the District.

Section 15. Holidays. If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this Agreement, shall be a legal holiday or a day on which banking institutions in which the principal office of the Escrow Agent is located are authorized by law to remain closed, such payment may be made or act performed or right exercised on the next succeeding day not a legal holiday or a day on which such banking institutions are authorized by law to remain closed, with the same force and effect as if done on the nominal date provided in this Agreement; and no interest shall accrue for the period from and after such nominal date.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, City of Imperial Community Facilities District No. 2006-2 (Savanna Ranch) and Wells Fargo Bank, National Association have caused this Agreement to be executed each on its behalf as of the day and year first above written.

WELLS FARGO BANK, NATIONAL
ASSOCIATION,
as Escrow Agent

By: _____
Authorized Officer

CITY OF IMPERIAL COMMUNITY FACILITIES
DISTRICT NO. 2006-2 (SAVANNA RANCH)

By: _____
City Manager of the City of Imperial

SCHEDULE A

Refunded Bonds

<i>Maturity Date (September 1)</i>	<i>Principal Amount</i>	<i>Interest Rate</i>	<i>Redemption Date</i>	<i>Redemption Price</i>
	\$	%	09/01/2015	101%

SCHEDULE B

INSTRUCTIONS AND REQUEST TO TRUSTEE

June __, 2015

Wells Fargo Bank, National Association
707 Wilshire Blvd, 17th Floor
Los Angeles, CA 90071
Attention: Corporate Trust Services

**CITY OF IMPERIAL
COMMUNITY FACILITIES DISTRICT NO. 2006-2
(SAVANNA RANCH)
(IMPROVEMENT AREA NO. 1)
2006 SPECIAL TAX BONDS**

Ladies and Gentlemen:

As the fiscal agent (the "Fiscal Agent") with respect to the above-captioned City of Imperial Community Facilities District No. 2006-2 (Savanna Ranch) (Improvement Area No.1) 2006 Special Tax Bonds (the "Refunded Bonds"), you are hereby notified of the irrevocable election of the City of Imperial Community Facilities District No. 2006-2 (Savanna Ranch) (the "District") to defease the Refunded Bonds and to redeem the outstanding Refunded Bonds maturing after September 1, 2015 as described in Exhibit A hereto on the date and at the redemption prices set forth in Exhibit A. The District intends to fund the defeasance of the Refunded Bonds with the proceeds of its Special Tax Refunding Bonds, Series 2015A issued on the date hereof and certain amounts held under the Bond Indenture for the Refunded Bonds.

You are hereby irrevocably instructed to mail: (i) on or before July 31, 2015, a notice to the registered owners of such Refunded Bonds (in the form attached hereto as Exhibit A); and (ii) on the date hereof, a notice of defeasance of the Refunded Bonds (in the form attached hereto as Exhibit B).

**CITY OF IMPERIAL COMMUNITY FACILITIES
DISTRICT NO. 2006-2 (SAVANNA RANCH)**

By: _____
Authorized Officer

Receipt acknowledged and consented to:

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Fiscal Agent

By: _____
Authorized Officer

SCHEDULE B-1

EXHIBIT A

NOTICE OF FULL REDEMPTION

**CITY OF IMPERIAL
COMMUNITY FACILITIES DISTRICT NO. 2006-2
(SAVANNA RANCH)
(IMPROVEMENT AREA NO. 1)
2006 SPECIAL TAX BONDS**

<i>Maturity Date</i> <i>(September 1)</i>	<i>Interest</i> <i>Rate</i>	<i>Par Amount</i>	<i>Redemption</i> <i>Date</i>	<i>Redemption</i> <i>Price</i>	<i>CUSIP</i>
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[INSERT FORM OF NOTICE FROM PRIOR FISCAL AGENT]

EXHIBIT B

NOTICE OF DEFEASANCE

**CITY OF IMPERIAL
COMMUNITY FACILITIES DISTRICT NO. 2006-2
(SAVANNA RANCH)
(IMPROVEMENT AREA NO. 1)
2006 SPECIAL TAX BONDS**

<i>Maturity Date</i> <i>(September 1)</i>	<i>Interest</i> <i>Rate</i>	<i>Par Amount</i>	<i>Redemption</i> <i>Date</i>	<i>Redemption</i> <i>Price</i>	<i>CUSIP</i>
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Notice is hereby given to the owners of the outstanding bonds described above (collectively, the "Refunded Bonds"): (i) that there has been deposited with Wells Fargo Bank, National Association, as successor Fiscal Agent (the "Fiscal Agent") under the Fiscal Agent Agreement, by and between the City of Imperial, California (the "City") on behalf of City of Imperial Community Facilities District No. 2006-2 (Savanna Ranch) (the "District") and the Fiscal Agent, dated as of December 1, 2006 (the "Fiscal Agent Agreement") moneys as permitted by the Fiscal Agent Agreement that are sufficient and available to redeem the Refunded Bonds on September 1, 2015 (the "Redemption Date") at a redemption price equal to 101% of the aggregate principal amount of the Refunded Bonds plus accrued interest with respect thereto to the Redemption Date; and (ii) that the Refunded Bonds are deemed to be paid and that the Fiscal Agent Agreement has been released in accordance therewith, the rights, title and interest of the District under the Fiscal Agent Agreement have ceased, terminated, become void and been completely discharged and satisfied, and all obligations of the District and the Fiscal Agent under the Fiscal Agent Agreement with respect to all Refunded Bonds have ceased, terminated and become void except as expressly set forth therein. In addition, all obligations of the District under the Continuing Disclosure Agreement executed with respect to the Refunded Bonds have ceased and terminated.

No representation is made as to the correctness of the CUSIP number either as printed on any Refunded Bond or as contained herein and any error in the CUSIP number shall not affect the validity of the proceedings for prepayment of the Refunded Bond.

Dated this ___ day of June, 2015.

WELLS FARGO BANK, NATIONAL
ASSOCIATION, as Fiscal Agent