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ESCROW AGREEMENT IN LIEU OF RETENTION
(Public Contact Code Section 22300)

**(Note: Contractor must use this form.)**

This Escrow Agreement in Lieu of Retention (“Escrow Agreement”) is made and entered into this day of , 20\_\_\_, by and between the Bakersfield City School District (“District”), whose address is 1501 Feliz Drive, Bakersfield, California 93307, and (“Contractor”), whose address is , and (“Escrow Agent”), a state or federally chartered bank in the state of California, whose address is \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_ .

For the consideration hereinafter set forth, District, Contractor, and Escrow Agent agree as follows:

1. Pursuant to section 22300 of Public Contract Code of the State of California, which is hereby incorporated by reference, Contractor has the following two (2) options:

 Deposit securities with Escrow Agent as a substitute for retention earnings required to be withheld by District pursuant to the Construction Contract No.\_\_\_ entered into between District and Contractor for the Project, in the amount of
 Dollars ($ )
dated, , 20\_\_\_\_\_, (the “Contract”); **or**

 On written request of Contractor, District shall make payments of the retention earnings for the above referenced Contract directly to Escrow Agent.

When Contractor deposits the securities as a substitute for Contract earnings (first option), Escrow Agent shall notify District within ten (10) calendar days of the deposit. The market value of the securities at the time of substitution and at all times from substitution until the termination of the Escrow Agreement shall be at least equal to the cash amount then required to be withheld as retention under the terms of the Contract between District and Contractor.

Securities shall be held in the name of Bakersfield City School District School District, and shall designate Contractor as beneficial owner.

1. District shall make progress payments to Contractor for those funds which otherwise would be withheld from progress payments pursuant to Contract provisions, provided that Escrow Agent holds securities in form and amount specified above.
2. When District makes payment of retentions earned directly to Escrow Agent, Escrow Agent shall hold them for the benefit of Contractor until the time that the escrow created under this Escrow Agreement is terminated. Contractor may direct the investment of the payments into securities. All terms and conditions of this Escrow Agreement and the rights and responsibilities of the Parties shall be equally applicable and binding when District pays Escrow Agent directly.
3. Contractor shall be responsible for paying all fees for the expenses incurred by Escrow Agent in administering the Escrow Account, and all expenses of District. The District will charge Contractor $\_\_\_\_\_\_\_\_\_\_\_\_ for each of District’s deposits to the escrow account. These expenses and payment terms shall be determined by District, Contractor, and Escrow Agent.
4. Interest earned on securities or money market accounts held in escrow and all interest earned on that interest shall be for sole account of Contractor and shall be subject to withdrawal by Contractor at any time and from time to time without notice to District.
5. Contractor shall have the right to withdraw all or any part of the principal in the Escrow Account only by written notice to Escrow Agent accompanied by written authorization from District to Escrow Agent that District consents to withdrawal of amount sought to be withdrawn by Contractor.
6. District shall have the right to draw upon the securities and/or withdraw amounts from the Escrow Account in the event of default by Contractor. Upon seven (7) days’ written notice to Escrow Agent from District of the default, if applicable, Escrow Agent shall immediately convert the securities to cash and shall distribute the cash as instructed by District. Escrow Agent shall not be authorized to determine the validity of any notice of default given by District pursuant to this paragraph, and shall promptly comply with District’s instructions to pay over said escrowed assets. Escrow Agent further agrees to not interplead the escrowed assets in response to a conflicting demand.
7. Upon receipt of written notification from District certifying that the Contract is final and complete, and that Contractor has complied with all requirements and procedures applicable to the Contract, Escrow Agent shall release to Contractor all securities and interest on deposit less escrow fees and charges of the Escrow Account. The escrow shall be closed immediately upon disbursement of all monies and securities on deposit and payments of fees and charges.
8. Escrow Agent shall rely on written notifications from District and Contractor pursuant to Paragraphs 5 through 8, inclusive, of this Escrow Agreement and District and Contractor shall hold Escrow Agent harmless from Escrow Agent's release and disbursement of securities and interest as set forth above.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

1. Names of persons who are authorized to give written notice or to receive written notice on behalf of District and on behalf of Contractor in connection with the foregoing, and exemplars of their respective signatures are as follows:

On behalf of District: On behalf of Contractor:

Title Title

Name Name

Signature Signature

Address Address

On behalf of Escrow Agent:

Title

Name

Signature

Address

At the time that the Escrow Account is opened, District and Contractor shall deliver to Escrow Agent a fully executed copy of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement by their proper officers on the date first set forth above.

On behalf of District: On behalf of Contractor:

Title Title

Name Name

Signature Signature

Address Address

END OF DOCUMENT