

Exhibit A

ESCROW AGREEMENT FOR SECURITY DEPOSITS

IN LIEU OF RETENTION

Pursuant to Section 22300, payment of retentions earned shall be deposited in a trust account with a state or federally chartered bank or savings association.

THIS ESCROW AGREEMENT is made and entered into by and between EASTERN MUNICIPAL WATER DISTRICT, whose address is P.O. Box 8300, Perris, California 92572-8300 (hereinafter called "DISTRICT");

_____ whose address is _____ (hereinafter called CONTRACTOR"); and _____ whose address is _____ (hereinafter called "escrow agent").

FOR CONSIDERATION HEREINAFTER SET FORTH, THE DISTRICT,
CONTRACTOR, AND ESCROW AGENT AGREE AS FOLLOWS:

1. Pursuant to Section 22300 of the Public Contract Code of the State of California, the CONTRACTOR has the option to deposit securities with the escrow agent as a substitute for retention earnings required to be withheld by the DISTRICT pursuant to the Construction Contract entered into between the DISTRICT and CONTRACTOR for

in the amount of _____ dated _____ (hereinafter referred to as the "Contract"). Alternatively, on written request of the CONTRACTOR, the DISTRICT shall make payments of the retention earnings directly to the escrow agent.

When the CONTRACTOR deposits the securities as a substitute for Contract earnings, the escrow agent shall notify the DISTRICT within ten days of the deposit. The market value of the securities at the time of the substitution shall be at least equal to the cash amount then required to be withheld as retention under the terms of the Contract between the DISTRICT and the CONTRACTOR. Securities shall be held in the name of EASTERN MUNICIPAL WATER DISTRICT, and shall designate the CONTRACTOR as the beneficial owner.

2. The DISTRICT shall make progress payments to the CONTRACTOR for those funds which otherwise would be withheld from progress payments pursuant to the Contract provisions, provided that the escrow agent holds securities in the form and amount specified above.

3. When the DISTRICT makes payment of retentions earned directly to the escrow agent, the escrow agent shall hold them for the benefit of the CONTRACTOR until such time as the escrow created under this contract is terminated. The CONTRACTOR may direct the investment of the payments into securities. All terms and conditions of this agreement and the rights and responsibilities of the parties shall be equally applicable and binding when the DISTRICT pays the escrow agent directly.

4. The CONTRACTOR shall be responsible for paying all fees for the expenses incurred by escrow agent in administering the Escrow Account and all expenses of the DISTRICT. These expenses and payment terms shall be determined by the DISTRICT, the CONTRACTOR and escrow agent.

5. The interest earned on the securities or the money market accounts held in escrow and all interest earned on that interest shall be for the sole account of CONTRACTOR and shall be subject to withdrawal by CONTRACTOR at any time and from time to time without notice to the DISTRICT.

6. The CONTRACTOR shall have the right to withdraw all or any part of the principal in the Escrow Account only by written notice to the Escrow Agent accompanied by written authorization from the DISTRICT to the Escrow Agent that the DISTRICT consents to the withdrawal of the amount sought to be withdrawn by CONTRACTOR.

7. The DISTRICT shall have a right to draw upon the securities in the event of default by the CONTRACTOR. Upon seven days' written notice to the escrow agent from the DISTRICT of the default, the escrow agent shall immediately convert the securities to cash and shall distribute the cash as instructed by the DISTRICT.

8. Upon receipt of written notification from the DISTRICT certifying that the Contract is final and complete, and that the CONTRACTOR has complied with all requirements and procedures applicable to the Contract, the escrow agent shall release to the 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.

9. The escrow agent shall rely on the written notifications from the DISTRICT and the CONTRACTOR pursuant to Sections (5) to (8), inclusive, of this Agreement and the DISTRICT and CONTRACTOR shall hold escrow agent harmless from escrow agent's release, conversion and disbursement of the securities and interest as set forth above.

10. The names of the persons who are authorized to give written notice or to receive written notice on behalf of the DISTRICT and on behalf of CONTRACTOR in connection with the foregoing, and exemplars of their respective signatures are as follows:

On behalf of District:

Chief Financial Officer

Title

John Adams

Name

Signature

P.O. Box 8300, Perris, CA 92572

Address

OR

Controller

Title

Wilma T. Garriz, CPA

Name

Signature

P.O. Box 8300, Perris, CA 92572

Address

On behalf of escrow agent:

Title

Name

On behalf of Contractor:

Title

Name

Signature

Address

Signature

At the time the Escrow Account is opened, the DISTRICT and CONTRACTOR shall deliver to the escrow agent a fully executed counterpart of this Agreement.

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

DISTRICT

CONTRACTOR

Title

Title

Name

Name

Signature

Signature

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