

ESCROW AGREEMENT

THIS ESCROW AGREEMENT (the "**Escrow Agreement**") is dated _____, 2019, by and between City of Laurel, Mississippi (the "**City**" or the "**Issuer**"), and _____, Mississippi, as Escrow Agent (the "**Escrow Agent**").

WITNESSETH:

WHEREAS, the City entered into a tax exempt Equipment Lease Purchase Agreement No. 001543-1 dated as of August 30, 2017 (the "2017 Lease"), with Texas Capital Bank, N.A., as lessor, to acquire equipment (the "**Equipment**") in connection with those certain Energy Services Contract, dated April 4, 2017 by and between the City and Schneider Electric Buildings Americas, Inc. and Energy Services Agreement, dated April 7, 2017 by and between the City and Schneider undertaken to finance energy efficiency and conservation equipment for certain facilities located throughout the City; and for related purposes; and

WHEREAS, the Issuer desires to acquire certain equipment described in and financed pursuant to the 2017 Lease and obtaining financing at more favorable interest rates (the "**Refunded Lease**"); and

WHEREAS, the Issuer desires to acquire the Equipment on November 1, 2019 at a purchase price of \$ _____; and

WHEREAS, Sections 31-27-1 *et seq.*, of the Mississippi Code of 1972, as amended and/or supplemented from time to time (the "**Act**"), authorizes the Issuer to issue general obligation refunding bonds in accordance with the terms of the Act, to provide funds to refund the Refunded Lease; and

WHEREAS, the Issuer has adopted a resolution on _____, 2019 authorizing the issuance of General Obligation Refunding Bonds, Series 2019, in the not to exceed amount of \$ _____ (the "**Bonds**"), for the purpose of providing the funds necessary to prepay and currently refund the Refunded Lease, and pay costs of issuance for the Bonds; and

WHEREAS, the Issuer has determined to refund the Refunded Lease with a portion of the proceeds of the Bonds and other money lawfully available for such purpose, which refunding will result in present value debt service savings to the Issuer; and

WHEREAS, the Issuer has further determined to effectuate the refunding of the Refunded Lease pursuant to this Escrow Agreement, under which provision is made for the safekeeping, investment, reinvestment, administration and disposition of proceeds of the Bonds and such other money made available in connection with such refunding, to provide firm banking and financial arrangements for the discharge and final payment of the Refunded Lease; and

WHEREAS, the City has determined to deposit with the Escrow Agent sufficient funds to purchase United States Treasury Securities - State and Local Government Series listed in **EXHIBIT A**

hereto (the “**Escrowed Securities**”). The Escrowed Securities to be so deposited may not be redeemed at the option of the Issuer or any person other than the holder thereof and will mature in principal amounts and bear interest at such times so that sufficient monies will be available from such maturing principal and interest payments to pay, as the same either mature or become due, all principal of and interest on, the Refunded Lease; and

NOW THEREFORE, in consideration of the mutual undertakings, promises and agreements herein contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and to secure the full and timely payment of the principal of and the interest on the Refunded Lease, the Issuer and the Escrow Agent contract and agree as follows:

SECTION 1. There is hereby established with the Escrow Agent a special and irrevocable escrow fund designated the City of Laurel, Mississippi 2017 Taxable Lease Purchase Escrow Fund (the “**2017 Escrow Fund**”) to be held in the custody of the Escrow Agent under the Escrow Agreement, separate and apart from other funds of the City or the Escrow Agent, for the funds deposited with the Escrow Agent for the refunding of the Refunded Bonds.

SECTION 2. Upon the initial delivery of the Bonds, a portion of the net sale proceeds of the Bonds will be deposited as follows: \$_____ shall be paid to the Escrow Agent for deposit into the 2017 Escrow Fund (the “**2017 Escrow Requirement**”). Upon receipt of the 2017 Escrow Requirement, the Escrow Agent shall invest such moneys in accordance with this Escrow Agreement and such moneys, together with the investment earnings, shall be used to currently refund the Refunded Lease and acquire the Equipment on November 1, 2019, at a purchase price of \$_____. The aforementioned amount deposited into the 2017 Escrow Fund will be provided to the Escrow Agent in immediately available funds.

SECTION 3. (a) Promptly upon receipt by the Escrow Agent of the amount referenced in Section 2 above and deposited in the respective 2017 Escrow Fund, the Escrow Agent shall purchase the Escrowed Securities which are described in the attached **EXHIBIT A** and deposit the same into the 2017 Escrow Fund.

SECTION 4. The Escrow Agent is hereby irrevocably instructed to convey sufficient funds to Texas Capital Bank, N.A., as the Lessor under for the Refunded Lease (the “**2017 Lessor**”) for the acquisition of the Equipment and on November 1, 2019, [at par, as set forth in the Verification Report, dated _____, 20__ (the “**Verification Report**”), from The Arbitrage Group, Inc., Buhl, Alabama, the Verification Agent (the “**Verification Agent**”), attached hereto as **EXHIBIT B**].

SECTION 5. The Issuer represents that the receipt of the principal of and interest on the Escrowed Securities, as applicable, in the 2017 Escrow Fund will assure that the amount on deposit in the 2017 Escrow Fund will be sufficient to provide money, as applicable, for the payment of the purchase price of the Equipment Bonds on November 1, 2019, [at par, all as set forth in the Verification Report]. If for any reason there is a deficiency in the amounts on deposit in the 2017 Escrow Fund, the Escrow Agent shall promptly notify the Issuer and the Issuer shall forthwith provide the Escrow Agent with cash and securities sufficient to make such payments.

SECTION 7. The Escrow Agent at all times shall hold the Escrowed Securities and all other assets of the 2017 Escrow Fund wholly segregated from all other funds and securities on deposit with the Escrow Agent; it shall never allow the Escrowed Securities or any other assets of the 2017 Escrow Fund to be commingled with any other funds or securities; and it shall hold and dispose of the assets of the 2017 Escrow Fund only as set forth herein. Escrowed Securities and other assets held in the 2017 Escrow Fund shall always be maintained by the Escrow Agent for the benefit of the 2017 Lessor. The holders of the Refunded Lease shall be entitled to the same preferred claim and first lien upon the Escrowed Securities in the 2017 Escrow Fund, as applicable, the proceeds thereof and all other assets of the 2017 Escrow Fund as are enjoyed by other beneficiaries of similar accounts. The amounts received by the Escrow Agent under this Escrow Agreement shall not be considered as a banking deposit by the Issuer, and the Escrow Agent shall have no right or title with respect thereto except as Escrow Agent under the terms hereof. The amounts received by the Escrow Agent hereunder shall not be subject to warrants, drafts or checks drawn by the Issuer. All funds received at the maturity of each Escrowed Security will not be reinvested but will be deposited as cash amounts reinvested at a zero percent (0%) yield as provided in the Verification Report.

SECTION 8. Cash balances from time to time on deposit in the 2017 Escrow Fund, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, shall be continuously secured by a pledge of direct obligations of, or obligations unconditionally guaranteed by, the United States of America, having a market value at least equal to such cash balances.

SECTION 9. The escrow created hereby shall be irrevocable. The holders of the Refunded Lease shall have an express lien on all principal amount of and interest income on the Escrowed Securities, as applicable, and any other funds deposited in the applicable Escrow Fund until used and applied in accordance with this Escrow Agreement. The matured principal of and interest income from the Escrowed Securities shall be applied solely as provided in this Escrow Agreement.

SECTION 10. (a) The Escrow Agent shall not be liable for any loss resulting from any investment made pursuant to this Escrow Agreement in compliance with the provisions hereof.

(b) In the event of the Escrow Agent's failure to account for any of the Escrowed Securities, or monies received by it, said Escrowed Securities or monies shall be and remain the property of the City in trust for the holders of the Refunded Lease, as herein provided, and if for any reason such Escrowed Securities or monies are not transferred to the 2017 Bonds Paying Agent as provided in Section 4 herein, the assets of the Escrow Agent shall be impressed with a trust for the amount thereof until the required transfer shall be made.

SECTION 11. This Escrow Agreement shall terminate when all transactions required to be made by the Escrow Agent under the provisions hereof shall have been made. Any monies remaining in the 2017 Escrow Fund at the time of such termination shall be released to the City.

SECTION 12. The Escrow Agent agrees to provide to the City prior to the last day of December and the end of each annual period thereafter a statement of the amount on deposit in each Fund and Account established by this agreement at the beginning of the period and of the total deposits to and

withdrawals from each Fund and Account during the preceding applicable period. A different statement frequency can be established at the request of the City.

SECTION 13. The Escrow Agent shall not be liable for the accuracy of the calculations as to the sufficiency of the Escrowed Securities and other monies available for such purpose to pay the Refunded Lease. So long as the Escrow Agent applies the Escrowed Securities and monies as provided therein and complies fully with the terms of this Escrow Agreement, the Escrow Agent shall not be liable for any deficiencies in the amounts necessary to pay the Refunded Lease caused by such calculations.

As compensation for the services to be rendered hereunder, the Escrow Agent shall be paid a one-time fee of \$_____ for the administration of this Escrow Agreement.

SECTION 14. If any one or more of the covenants or agreements provided in this Escrow Agreement by or on behalf of the City or the Escrow Agent to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement shall be deemed and construed to be severable from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Escrow Agreement.

SECTION 15. All the covenants, promises and agreements contained in this Escrow Agreement by or on behalf of the City or by or on behalf of the Escrow Agent shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

SECTION 16. This Escrow Agreement shall be governed by the applicable law of the State of Mississippi.

SECTION 17. 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.

IN WITNESS WHEREOF, the parties hereto have each caused this Escrow Agreement to be executed by their duly authorized officers or elected officials and the City has caused its seal to be hereunder affixed and attested as of the date first above written.

CITY OF LAUREL, MISSISSIPPI

(SEAL)

By: _____

Mayor

ATTEST:

By: _____

City Clerk

as Escrow Agent

By: _____

Title: _____

EXHIBIT A

SCHEDULE OF ESCROWED SECURITIES

EXHIBIT B

[VERIFICATION REPORT OF THE ARBITRAGE GROUP, INC.]