

ESCROW TRUST AGREEMENT

by and between

MADISON COUNTY, MISSISSIPPI

and

**_____ BANK,
as Escrow Trustee**

Dated _____, 2015

ESCROW TRUST AGREEMENT

THIS ESCROW TRUST AGREEMENT, dated _____, 2015, by and between Madison County, Mississippi (the "County"), acting by and through the Board of Supervisors of the County (the "Governing Body"), and _____ Bank, _____, Mississippi, as Escrow Trustee (the "Escrow Trustee").

WITNESSETH:

WHEREAS, the County previously authorized the issuance its \$33,000,000 (original principal amount) General Obligation Road and Bridge Bonds, Series 2008, dated March 4, 2008 (the "Prior 2008 Bonds," or the "Prior Bonds"), pursuant to a resolution of the Governing Body adopted on January 15, 2008 (the "2008 Bond Resolution"); and

WHEREAS, the Governing Body, acting for and on behalf of the County, desires to advance refund and defease a portion of the Prior 2008 Bonds as more particularly described in Exhibit A hereto (the "Refunded 2008 Bonds," or the "Refunded Prior Bonds"), and has determined that such refunding and defeasance would be in the financial best interest of the County; and

WHEREAS, pursuant to Sections 31-27-1 *et seq.*, Mississippi Code of 1972, as amended (the "Refinancing Act"), the Governing Body adopted a resolution on January 20, 2015 (as the same may be amended or supplemented, the "Bond Resolution"), which authorized the issuance and delivery of the County's General Obligation Refunding Bonds, Series 2015 in the principal amount of _____ Million _____ Hundred Thousand Dollars (\$_____) dated _____, 2015 (the "Series 2015 Bonds"); and

WHEREAS, the County will use the proceeds of the Series 2015 Bonds to advance refund and defease the Refunded Prior Bonds and to pay certain costs incident to the sale and issuance of the Series 2015 Bonds; and

WHEREAS, the Governing Body has determined that it is in the best interest of the County to provide for the payment of all of the unpaid principal of, interest on and premium, if any, on the Refunded Prior Bonds (the "Redemption Price"), by irrevocably depositing with the Escrow Trustee moneys which may be used to purchase Investment Securities (as such term is hereinafter defined), the principal of and the interest on which when due will provide moneys which, together with other moneys, if any, deposited with the Escrow Trustee at the same time and pursuant to this Agreement, will be sufficient to pay when due principal and interest on the Refunded Prior Bonds, if any, and upon redemption, as hereinafter provided, the Redemption Price of the Refunded Prior Bonds as set forth in Exhibit A; and

WHEREAS, in order to provide for the monies needed for such purpose and as directed in the Bond Resolution, the proceeds of the Series 2015 Bonds shall be deposited in an escrow account and used as provided for herein.

NOW, THEREFORE, the County, in consideration of the foregoing and the mutual covenants herein set forth and in order to secure the timely payment of the Redemption Price of the Refunded Prior Bonds according to their tenor and effect, do by these presents hereby grant,

warrant, demise, release, convey, assign, transfer, alienate, pledge, set over and confirm, unto the Escrow Trustee and to its successors in the trust hereby created, and to it and its assigns forever, all and singular the property hereinafter described, to wit:

DIVISION I.

All right, title and interest in and to \$_____ deposited with the Escrow Trustee for credit to the Escrow Account (as defined herein) which is derived from the proceeds of the Series 2015 Bonds.

DIVISION II.

All right, title and interest in and to the Investment Securities, if any, as set forth in Exhibit B hereto, together with the income and earnings thereon.

DIVISION III.

Any and all other property of every kind and nature from time to time hereafter, by delivery or by writing of any kind, conveyed, pledged, assigned or transferred as and for additional security hereunder by the County or by anyone on its behalf to the Escrow Trustee specifically for the benefit of the Refunded Prior Bonds.

DIVISION IV.

All property which is by the express provisions of this Agreement required to be subject to the pledge hereof and any additional property that may, from time to time hereafter, by delivery or by writing of any kind, by the County or by anyone in its behalf, be subject to the pledge hereof.

TO HAVE AND TO HOLD, all and singular, the Trust Estate (as such term is hereinafter defined), including all additional property which by the terms hereof has or may become subject to the encumbrances of this Agreement, unto the Escrow Trustee, and its successors and assigns, forever in trust, however, for the benefit and security of the holders from time to time of the Refunded Prior Bonds, but if the principal of, redemption premium, if any, and interest on all of the Refunded Prior Bonds shall be fully and promptly paid upon the early redemption thereof, in accordance with the terms thereof, then this Agreement shall be and become void and of no further force and effect; otherwise the same shall remain in full force and effect, and upon the trusts and subject to the covenants and conditions hereinafter set forth.

SECTION 1. Definitions. In addition to words and terms elsewhere defined in this Agreement, including the recitals hereto, the following words and terms as used in this Agreement shall have the following meanings, unless some other meaning is plainly intended. Capitalized terms not otherwise defined in this Agreement shall have the meanings set forth in the Bond Resolution.

Investment Securities:

“Investment Securities” shall mean direct obligations of the United States of America and nonprepayable obligations the timely payment of principal of and interest on which are fully

guaranteed by the United States of America, none of which are callable at the option of the obligor.

Trust Estate:

“Trust Estate”, “trust estate” or “pledged property” shall mean the property, rights and interests described or referred to under Divisions I, II, III and IV, above.

Verification Report:

“Verification Report” shall mean the Verification Report, dated _____ 25, 2015, prepared by The Arbitrage Group, Inc., a copy of which is attached hereto as Exhibit C.

Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Words importing the singular number shall include the plural number and vice versa unless the context shall otherwise indicate. The word “person” shall include corporations, associates, natural persons and public bodies unless the context shall otherwise indicate. Reference to a person other than a natural person shall include its successors.

SECTION 2. Deposit of Moneys. (a) There is hereby created and established with the Escrow Trustee a special and irrevocable trust fund designated as the Prior Refunded Bonds Escrow Account (the “Escrow Account”), to be held by the Escrow Trustee separate and apart from other funds of the County and the Escrow Trustee. The County hereby deposits or causes to be deposited with the Escrow Trustee immediately available funds in the amount of \$_____ representing a portion of the proceeds of the Series 2015 Bonds, to be held in irrevocable escrow by the Escrow Trustee pursuant to this Agreement and to be applied solely as provided for in this Agreement, the Bond Resolution and the 2008 Bond Resolution. Such moneys are at least equal to an amount sufficient to purchase the principal amount of the Investment Securities as set forth in Exhibit B hereto and the aggregate principal amount of the Investment Securities as set forth in Exhibit B hereto, together with all interest due or to become due on such Investment Securities and any other moneys held in the Escrow Account, will be sufficient to pay when due and payable as provided for herein, principal and interest on the Refunded Prior Bonds as such becomes due and payable and, upon redemption thereof, the Redemption Price of the Refunded Prior Bonds. Notwithstanding the foregoing, if the amounts deposited in the Escrow Account are insufficient to pay upon redemption thereof, the Redemption Price of the Refunded Prior Bonds, the County shall deposit in the Escrow Account the amount of any such deficiency immediately upon notice thereof from the Escrow Trustee.

(b) There is further hereby created and established with the Escrow Trustee a special and irrevocable trust fund designated as the Cost of Issuance Account (the “Cost of Issuance Account”), to be held by the Escrow Trustee separate and apart from other funds of the County and the Escrow Trustee. The County hereby deposits or causes to be deposited with the Escrow Trustee immediately available funds in the amount of \$_____, representing a portion of the proceeds of the Series 2015 Bonds, to be held in irrevocable escrow by the Escrow Trustee pursuant to this Agreement and to be applied solely as provided for in this Agreement and the Bond Resolution. Such moneys are to be used solely to pay the costs related to the sale and issuance of the Series 2015 Bonds and are not considered a part of the Trust Estate. All moneys

which remain in the Cost of Issuance Account after payment of such costs shall be paid to the County and used by the County to pay the principal of and interest on the Series 2015 Bonds.

SECTION 3. Irrevocable Trust Created. The deposit of moneys and the Investment Securities or other property hereunder in the Escrow Account shall constitute an irrevocable deposit of said moneys and the Investment Securities and other property hereunder for the benefit of the holders of the Refunded Prior Bonds, subject to the provisions of this Agreement. The holders of the Refunded Prior Bonds shall, subject to the provisions of this Agreement, have an express lien on all moneys and principal of and interest on the moneys and the Investment Securities and other property in the Escrow Account. The moneys deposited in the Escrow Account and the matured principal of the Investment Securities and other property hereunder shall be held in trust by the Escrow Trustee, and shall be transferred for the payment, of the Redemption Price of the Refunded Prior Bonds.

SECTION 4. Use and Investment of Moneys. The Escrow Trustee acknowledges receipt of the moneys as described in Section 2 and agrees immediately (a) to invest \$_____ of such moneys by purchasing the Investment Securities as set forth in Exhibit B hereto and to deposit such Investment Securities in the Escrow Account, together with \$___ of such moneys to be held in the Escrow Account as uninvested cash, and (b) to deposit the balance of such moneys in the amount of \$_____ in the Cost of Issuance Account.

SECTION 5. Payment of Refunded Prior Bonds.

(a) **Payment.** As the principal of the Investment Securities as set forth in Exhibit B hereto and the investment income and earnings thereon shall mature and be paid, the Escrow Trustee shall, no later than the interest payment dates and the redemption dates for the Refunded Prior Bonds as provided in the 2008 Bond Resolution and as set forth in Exhibit A hereto, transfer from the Escrow Account to _____ Bank (in such capacity, the "2008 Paying Agent") amounts sufficient to pay principal and interest on the Refunded 2008 Bonds as such becomes due and payable and, upon redemption thereof, the Redemption Price of the Refunded 2008 Bonds coming due as set forth in Exhibit A hereto. The Refunded Prior Bonds shall be called for optional redemption on the respective redemption dates at the respective Redemption Prices as set forth in Exhibit A hereto.

(b) **Unclaimed Moneys.** After the transfer by the Escrow Trustee for the payment of the Redemption Price of the Refunded Prior Bonds as provided in Exhibit A has been made, all moneys, if any, which remain in the Escrow Account shall be repaid by the Escrow Trustee to the County and used by the County to pay the principal of and interest on the Series 2015 Bonds.

(c) **Performance of Duties.** The Escrow Trustee agrees to assume the responsibilities and to perform the duties as set forth in this Agreement.

(d) **Reinvestment.** Except as provided in Section 7 hereof, the Escrow Trustee shall have no power or duty to invest any funds held under this Agreement or to sell, transfer or otherwise dispose of the moneys or the Investment Securities held hereunder. With respect to any surplus amounts received from the maturing principal of and interest on the Investment Securities remaining in the Escrow Account, or not needed to pay the Redemption Price of any of the Refunded Prior Bonds upon redemption thereof, the Escrow Trustee shall leave such

amounts received from the maturing principal of and interest on the Investment Securities to the extent not then used uninvested in the Escrow Account.

(e) **Costs of Issuance.** As provided in the Bond Resolution, the Escrow Trustee shall, upon the closing of the sale and issuance of the Series 2015 Bonds, pay the costs of issuance of the Series 2015 Bonds from the Cost of Issuance Account as directed in writing by the President of the Governing Body.

SECTION 6. Responsibilities of the Escrow Trustee. The Escrow Trustee 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 Account, the acceptance of the moneys or securities deposited therein, the purchase of the Investment Securities, the retention of the Investment Securities or the proceeds thereof, the sufficiency of the Investment Securities to accomplish the current or advance refunding and defeasance of the Refunded Prior Bonds or any payment, transfer or other application of moneys or obligations by the Escrow Trustee 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 Trustee 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 County, and the Escrow Trustee assumes no responsibility for the correctness thereof. The Escrow Trustee makes no representation as to the sufficiency of the Investment Securities to accomplish the current or advance refunding of the Refunded Prior Bonds or to the validity of this Agreement as to the County and, except as otherwise provided herein, the Escrow Trustee shall incur no liability with respect thereto. The Escrow Trustee shall not be liable in connection with the performance of its duties under this Agreement except for its own negligence, misconduct or default, and the duties and obligations of the Escrow Trustee shall be determined by the express provisions of this Agreement. The Escrow Trustee may consult with counsel, who may or may not be counsel to the County, 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. Whenever the Escrow Trustee 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 the President of the Board of Supervisors of the County.

SECTION 7. Substitution of Investment Securities. The Escrow Trustee shall only have the power to sell, transfer, request the redemption or otherwise dispose of some or all of the Investment Securities in the Escrow Account and to substitute therefor other Investment Securities at the written request of the County and upon compliance with the conditions hereinafter set forth. The foregoing may be accomplished only if: (a) the substitution of Investment Securities for the substituted Investment Securities occurs simultaneously; (b) the amounts of and dates on which the anticipated transfers from the Escrow Account to the 2008 Paying Agent for the payment of the Redemption Price of the Refunded 2008 Bonds will not be diminished or postponed thereby, as the case may be; (c) with respect to the Refunded Prior Bonds, the Escrow Trustee shall receive the unqualified opinion of nationally recognized municipal bond attorneys to the effect that such disposition and substitution would not cause any of the Refunded Prior Bonds or the Series 2015 Bonds to be an "arbitrage bond" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, and the regulations

thereunder in effect on the date of such disposition and substitution and applicable to obligations issued on the respective issue dates of the Refunded Prior Bonds and the Series 2015 Bonds, and that the conditions of this Section 7 as to the disposition and substitution have been satisfied; and (d) the Escrow Trustee shall receive from an independent certified public accountant a certification that, immediately after such transaction, the principal of and interest on the Investment Securities in the Escrow Account will, together with other cash on deposit in the Escrow Account available for such purpose, be sufficient to pay, when due without any further reinvestment, principal and interest on the Refunded Prior Bonds as such becomes due and payable and the Redemption Price of the Refunded Prior Bonds upon redemption thereof.

SECTION 8. Instructions as to Notice. The County hereby agrees, at the expense of the County, to, at the direction of the President of the Governing Body, provide written instructions to the 2008 Paying Agent, instructing such 2008 Paying Agent to timely send notice of redemption with respect to the Refunded 2008 Bonds in accordance with the provisions of the 2008 Bond Resolution. In addition, the County shall, provide notice to the holders of the Refunded Prior Bonds, by a filing with the Electronic Municipal Market Access System found at <http://emma.msrb.org>, of the defeasance of the Refunded Prior Bonds, and the Escrow Agent hereby agrees to provide any assistance necessary to the County in connection with such filing.

SECTION 9. Amendments. This Agreement is made for the benefit of the County, the holders from time to time of the Refunded Prior Bonds, and it shall not be repealed, revoked, altered or amended without the written consent of all such holders, the Escrow Trustee and the County; provided, however, that the County and the Escrow Trustee may, without the consent of, or notice to, such holders, amend this Agreement or enter into such agreements supplemental to this Agreement as shall not adversely affect the rights of such holders and as shall not be inconsistent with the terms and provisions of this Agreement, for any one or more of the following purposes: (a) to cure any ambiguity or formal defect or omission in this Agreement; (b) to grant to, or confer upon, the Escrow Trustee for the benefit of the holders of the Refunded Prior Bonds any additional rights, remedies, powers or authority that may lawfully be granted to, or conferred upon, such holders or the Escrow Trustee; and (c) to include under this Agreement additional funds, securities or properties. The Escrow Trustee 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 holders of the Refunded Prior Bonds or that any instrument executed hereunder complies with the conditions and provisions of this Section 9.

The County shall give prior written notice and draft legal documents of any repeal, revocation, severance, alteration or amendment of this Agreement pursuant to this Section 9 to any rating agency rating any of the Refunded Prior Bonds.

SECTION 10. Term. This Agreement shall commence upon its execution and delivery and shall terminate on the later to occur of either (a) the date upon which all of the Refunded Prior Bonds have been paid in accordance with this Agreement or (b) the date upon which no unclaimed moneys remain on deposit with the Escrow Trustee pursuant to Section 5(b) of this Agreement.

SECTION 11. Compensation. The Escrow Trustee shall be compensated by the County for its services rendered hereunder (a) such compensation as may mutually be agreed upon in writing and (b) its reasonable out-of-pocket expenses incurred in connection with this Agreement as may mutually be agreed upon in writing. Under no circumstances shall the Escrow Trustee ever assert a lien on any funds in the Escrow Account for any of its fees or expenses hereunder or any other amount owed it.

SECTION 12. Resignation or Removal of the Escrow Trustee.

(a) The Escrow Trustee may resign by giving notice in writing to the County. The Escrow Trustee may be removed (1) by (i) the filing with the County of an instrument or instruments executed by the holders of at least 51% in aggregate principal amount of the applicable series of the Refunded Prior Bonds then remaining unpaid, and (ii) the delivery of a copy of the instruments filed with the County to the Escrow Trustee or (2) by a court of competent jurisdiction for failure to act in accordance with the provisions of this Agreement upon application by the County or the holders of 51% in aggregate principal amount of the applicable series of the Refunded Prior Bonds then remaining unpaid.

(b) If the position of Escrow Trustee becomes vacant due to resignation or removal of the Escrow Trustee or any other reason, a successor Escrow Trustee may be appointed by the County. Within one year after a vacancy, the holders of 51% in aggregate principal amount of the applicable series of the Refunded Prior Bonds then remaining unpaid may, by an instrument or instruments filed with the County, appoint a successor Escrow Trustee who shall supersede any Escrow Trustee theretofore appointed by the County. If no successor Escrow Trustee is appointed by the County or the holders of such applicable series of Refunded Prior Bonds then remaining unpaid within forty-five (45) days after any such resignation or removal, the holder of any such applicable series of Refunded Prior Bond or any retiring Escrow Trustee may apply to a court of competent jurisdiction for the appointment of a successor Escrow Trustee. The responsibilities of the Escrow Trustee under this Agreement will not be discharged until a new Escrow Trustee is appointed and until the cash and the Investment Securities held under this Agreement are transferred to the new Escrow Trustee.

SECTION 13. Severability. If any one or more of the covenants or agreements provided in this Agreement on the part of the County or the Escrow Trustee to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenants or agreements shall be null and void and shall be deemed separate from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement.

SECTION 14. Counterparts. This 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.

SECTION 15. Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Mississippi.

SECTION 16. 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

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed by its duly authorized officers and its seal to be hereunto affixed as of the date set forth hereinabove.

(SEAL)

MADISON COUNTY, MISSISSIPPI

By _____
President of the Board of Supervisors

ATTEST:

By _____
Clerk of the Board of Supervisors

_____ BANK, as Escrow Trustee

By _____
_____, Vice President and
Trust Officer

EXHIBIT A

REFUNDED PRIOR BONDS

\$33,000,000 (original principal amount) Madison County, Mississippi General Obligation Road and Bridge Bonds, Series 2008, dated March 4, 2008

Paying and Transfer Agent: Trustmark National Bank

Maturity Date	Interest Rate	Principal Amount	Redemption Date	Redemption Price
March 1, 2019	5.000%	\$1,625,000	March 1, 2018	100%
March 1, 2020	5.000	1,705,000	March 1, 2018	100
March 1, 2021	4.300	1,785,000	March 1, 2018	100
March 1, 2022	4.375	1,875,000	March 1, 2018	100
March 1, 2025	4.375	1,960,000	March 1, 2018	100

EXHIBIT B

INVESTMENT SECURITIES

United States Treasury Securities – State and Local Government Series

Security Number	Security Type	Principal Amount	Interest Rate	Maturity Date	First Interest Payment Date
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EXHIBIT C

VERIFICATION REPORT

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