

OH&S DRAFT
NOVEMBER 20, 2014

**ESCROW DEPOSIT AGREEMENT
RELATING TO 2014 SERIES B BONDS**

THIS ESCROW DEPOSIT AGREEMENT RELATING TO 2014 SERIES B BONDS, dated as of December 1, 2014, by and between THE CITY OF GAINESVILLE, FLORIDA (the “City”) and U.S. BANK NATIONAL ASSOCIATION (the “Trustee”), as Trustee under the City’s Utilities System Revenue Bond Resolution adopted on June 6, 1983, as amended, restated and supplemented (the “Resolution”);

W I T N E S S E T H:

WHEREAS, the City has previously authorized and issued its Utilities System Revenue Bonds, 2005 Series A (the “2005 Series A Bonds”);

WHEREAS, the City has determined that it is in the best interests of the City to issue its \$_____ Utilities System Revenue Bonds, 2014 Series B (the “2014 Series B Bonds”) pursuant to the Twenty-Sixth Supplemental Utilities System Revenue Bond Resolution adopted by the City on December 4, 2014 (the “Twenty-Sixth Supplemental Resolution”) for the purpose, among others, of providing a portion of the funds required to refund the 2005 Series A Bonds of the maturities and in the respective principal amounts set forth in the following table (collectively, the “Refunded Bonds”):

<u>Series</u>	<u>Maturity (October 1)</u>	<u>Interest Rate</u>	<u>Amount Refunded</u>	<u>CUSIP</u>
2005 Series A	2029	4.75%	\$12,435,000	362848 NA7
2005 Series A	2030	4.75	350,000	362848 NB5
2005 Series A	2036	4.75	345,000	362848 ND1

WHEREAS, the City has determined that it is in the best interests of the City to provide for the payment of the redemption price of and interest on the Refunded Bonds so that such Refunded Bonds shall cease to be entitled to any lien, benefit or security under the Resolution, and all covenants, agreements and obligations of the City to the holders of the Refunded Bonds shall cease, terminate and become void and be discharged and satisfied, by irrevocably depositing with the Trustee moneys, as permitted by Section 1201 of the Resolution, which will be used to purchase certain Defeasance Securities (as defined in Section 2(b) hereof) as permitted by Section 1201 of the Resolution, the principal of and the interest on which when due, together with certain uninvested moneys held in the Escrow Account (hereinafter defined), will be sufficient to pay the redemption price of the Refunded Bonds on the redemption date therefor and the interest to become due on such Refunded Bonds on and prior to such redemption date;

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the City and the Trustee agree as follows:

SECTION 1. Deposit of Moneys. The City hereby deposits with the Trustee (i) \$ _____, representing a portion of the net proceeds of the 2014 Series B Bonds and (ii) \$ _____ of excess moneys from the Debt Service Account in the Debt Service Fund established under the Resolution, to be held in irrevocable escrow by the Trustee separate and apart from other funds of the City and the Trustee and to be applied solely as provided in this Agreement. The moneys described in clauses (i) and (ii) of the preceding sentence are sufficient to purchase the Defeasance Securities described in Schedule A hereto, and the aggregate principal amount of the Defeasance Securities described in Schedule A hereto, together with all interest due or to become due on such Defeasance Securities and uninvested cash, will be sufficient to pay when due the redemption price of the Refunded Bonds on the redemption date therefor and to pay interest as and when due on such Bonds on and prior to such redemption date.

SECTION 2. Use and Investment of Moneys. (a) The Trustee acknowledges receipt of the moneys described in Section 1 and agrees:

(i) immediately to invest \$ _____ of the amounts described in the first sentence of Section 1 hereof in the Defeasance Securities set forth in Schedule A hereto and to deposit such Defeasance Securities in the account established and held by the Trustee pursuant to this Agreement (the “Escrow Account”); and

(ii) immediately to deposit the remaining \$ _____ of the amounts described in the first sentence of Section 1 hereof in the Escrow Account and to hold such amount in cash uninvested.

(b) As used herein, the term “Defeasance Securities” shall mean and include only direct obligations of the United States of America and direct obligations the principal of and interest on which are guaranteed as to full and timely payment by the United States of America, none of which permit prepayment or redemption prior to maturity at the option of the obligor, but shall not include investments in a “money market mutual fund” or a “unit investment trust”.

SECTION 3. Payment of Refunded Bonds. (a) **Payment.** As the principal of the Defeasance Securities set forth in Schedule A hereto shall mature and be paid, and the investment income and earnings thereon are paid, the Trustee shall transfer from the Escrow Account to the paying agent for the Refunded Bonds amounts sufficient to pay, on October 1, 2015, a redemption price of 100% of the principal amount of the Refunded Bonds and the interest to become due on such Bonds on and prior to October 1, 2015.

(b) **Ending Balance.** All moneys remaining on deposit in the Escrow Account on October 1, 2015, after giving effect to the payment to be made on such date described in Section 3(a), shall, pursuant to the provisions of paragraph 3 of Section 1201 of the Resolution, be paid to the City by the Trustee, free and clear of any trust, lien or pledge securing the Refunded Bonds or otherwise existing under this Agreement or the Resolution.

(c) **Unclaimed Moneys.** Any moneys which remain unclaimed for six years after October 1, 2015 shall, at the written request of the City, be repaid by the Trustee to the City; *provided, however,* that the Trustee shall first publish a notice as more fully described in paragraph 9 of Section 1201 of the Resolution that said moneys remain unclaimed.

(d) **Priority of Payments.** The holders of the Refunded Bonds shall have a first lien on the moneys and Defeasance Securities in the Escrow Account until such moneys and Defeasance Securities are used and applied as provided in this Agreement.

(e) **Termination of Obligation.** As provided in Section 1201 of the Resolution, upon deposit of the moneys set forth in Section 1 hereof with the Trustee pursuant to the provisions of Section 1 hereof and the simultaneous purchase of the Defeasance Securities as provided in clause (i) of Section 2(a) hereof, the holders of the Refunded Bonds shall cease to be entitled to any lien, benefit or security under the Resolution, and all covenants, agreements and obligations of the City to the holders of the Refunded Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

SECTION 4. Performance of Duties. The Trustee agrees to perform the duties set forth herein.

SECTION 5. Reinvestment. Except as provided in Section 2, Section 3 and Section 8 hereof, the 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 Defeasance Securities held hereunder.

SECTION 6. Indemnity. The City, to the extent permitted by law, 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 Trustee 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 Trustee at any time (whether or not also indemnified against the same by the City 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 of the Escrow Account, the acceptance of the moneys and securities deposited therein, the purchase of the Defeasance Securities, the retention of the Defeasance Securities or the proceeds thereof and any payment, transfer or other application of moneys or securities by the Trustee in accordance with the provisions of this Agreement; *provided, however*, that the City shall not be required to indemnify the Trustee against the Trustee's own negligence or misconduct or the negligence or misconduct of the Trustee's respective successors, assigns, agents, employees and servants or any material default by the Trustee under the terms of this Agreement. For purposes of the preceding sentence and the fourth sentence of Section 7 hereof, a "material default" by the Trustee shall mean and include only those defaults by the Trustee of its duties and responsibilities under the terms of this Agreement that relate to the acceptance, receipt, investment (it being understood that the Trustee shall have no responsibility or liability for the performance of any investment), retention and application of moneys or obligations by the Trustee in accordance with the provisions of this Agreement at the times and in the manner provided herein. In no event shall the City or the Trustee 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 7. Responsibilities of Trustee. The Trustee and its respective successors, assigns, agents, employees 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 Defeasance Securities, the retention of the Defeasance Securities or the proceeds thereof, the sufficiency of the Defeasance Securities and uninvested moneys to accomplish the defeasance of the Refunded Bonds or any payment, transfer or other application of moneys or obligations by the 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 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 City, and the Trustee assumes no responsibility for the correctness thereof. The Trustee makes no representation as to the sufficiency of the Defeasance Securities and uninvested moneys to accomplish the defeasance of the Refunded Bonds or to the validity of this Agreement as to the City and, except as otherwise provided herein, the Trustee shall incur no liability in respect thereof. The Trustee shall not be liable in connection with the performance of its duties under this Agreement except for its own negligence or willful misconduct or any material default by the Trustee under the terms of this Agreement, and the duties and obligations of the Trustee shall be determined by the express provisions of this Agreement. The Trustee may consult with counsel, who may or may not be counsel to the City, and in reliance upon the written opinion of such counsel shall have full and complete authorization and protection in respect of any action taken, suffered or omitted by it in good faith in accordance therewith. Whenever the 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 an Authorized Officer of the City (as such term is defined in the Resolution).

In the event of the Trustee’s failure to account for any of the Defeasance Securities or moneys received by it, said Defeasance Securities or moneys shall become the property of the City in trust for the holders of the Refunded Bonds, as herein provided, and if for any improper reason such Defeasance Securities or moneys are not applied as herein provided, an appropriate portion of the assets of the Trustee shall be impressed with a trust for the amount thereof until the required application shall be made.

SECTION 8. Substitution of Defeasance Securities. At the written request of the City and upon compliance with the conditions hereinafter set forth, the Trustee shall have the power to sell, transfer, request the redemption of or otherwise dispose of some or all of the Defeasance Securities in the Escrow Account and to substitute therefor other Defeasance Securities. The foregoing may be effected only if: (i) the substitution of Defeasance Securities for the substituted Defeasance Securities occurs simultaneously; (ii) the amounts of and dates on which the anticipated transfers from the Escrow Account to the paying agents for the payment of the redemption price of and interest on the Refunded Bonds will not be diminished or postponed thereby; (iii) the 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 Bonds or the 2014 Series B Bonds to be an “arbitrage bond” within the meaning of Section 148(a) of the Internal Revenue Code of 1986, as amended, and the respective regulations thereunder in effect on the date of such disposition and substitution and applicable to obligations issued on the respective issue dates of the 2014 Series B Bonds and the Refunded Bonds and that the conditions of this Section 8 as to the disposition and substitution have been satisfied; and (iv) the Trustee shall receive from an independent certified public accountant or other nationally recognized escrow verifier a certification that, immediately after such transaction, the principal of and interest on the Defeasance Securities in the Escrow Account will, together with other cash

on deposit in the Escrow Account available for such purpose, and without reinvestment thereof, be sufficient to pay, when due, the redemption price of and interest on the Refunded Bonds. Any amounts received from the disposition and substitution of Defeasance Securities pursuant to this Section 8 to the extent such amounts will not be required, in accordance with the Resolution and this Agreement, at any time for the payment when due of the redemption price of or interest on the Refunded Bonds shall be paid to the City as received by the Trustee free and clear of any trust, lien, pledge or assignment securing the Refunded Bonds or otherwise existing under this Agreement or the Resolution. Prior to any such payment to the City, the Trustee shall receive from an independent certified public accountant or other nationally recognized escrow verifier a certification that the amount so paid will not be required, in accordance with the Resolution and this Agreement, for the payment of the redemption price of or interest on the Refunded Bonds. Any Defeasance Securities substituted must mature on or prior to the debt service payment date when such funds are needed.

SECTION 9. Amendments. This Agreement is made for the benefit of the City and the holders 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 holders, the Trustee and the City; *provided, however*, that the City and the 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, 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 Trustee for the benefit of the holders of the Refunded Bonds, any additional rights, remedies, powers or authority that may lawfully be granted to, or conferred upon, such holders or the Trustee; (iii) to include under this Agreement additional funds, securities or properties; and (iv) to make any changes required in connection with an upgrading of the rating on the Refunded Bonds by Moody's Investors Service ("Moody's") and/or Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P") and/or Fitch Ratings ("Fitch") as a result of the defeasance thereof as provided herein. Prior to entering into any such amendment or agreement, the Trustee shall give notice of such amendment or agreement to Moody's and/or S&P and/or Fitch, as the case may be, but only if such rating agency shall have upgraded its rating on the Refunded Bonds as a result of the defeasance thereof as provided herein, which notice shall be accompanied by a copy of the proposed amendment or agreement. Prior to entering into an amendment or agreement relating to clause (ii) or clause (iv) above, if Moody's and/or S&P and/or Fitch shall have upgraded its rating on the Refunded Bonds as a result of the defeasance thereof as provided herein, the Trustee shall receive notice in writing from Moody's and/or S&P and/or Fitch, as the case may be, to the effect that such amendment or agreement will not, by itself, result in the withdrawal or reduction of the ratings on the Refunded Bonds assigned by Moody's and/or S&P and/or Fitch, as the case may be. The 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 Bonds or that any instrument executed hereunder complies with the conditions and provisions of this Section 9.

SECTION 10. Term. This Agreement shall commence upon its execution and delivery and shall terminate on the later to occur of either (i) the date upon which the Refunded Bonds have been paid in accordance with this Agreement or (ii) the date upon which no unclaimed moneys remain on deposit with the Trustee pursuant to Section 3(c) of this Agreement.

SECTION 11. Compensation. The Trustee's acts hereunder shall constitute services rendered under the Resolution for purposes of Section 905 thereof; *provided, however*, that under no circumstances shall the Trustee be entitled to any lien whatsoever on any moneys or obligations in the Escrow Account for the payment of fees and expenses for services rendered by the Trustee under this Agreement. The provisions of this section shall survive the termination of this Agreement.

SECTION 12. Severability. If any one or more of the covenants or agreements provided in this Agreement on the part of the City or the 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. In such event, if Moody's and/or S&P and/or Fitch shall have upgraded its rating on the Refunded Bonds as a result of the defeasance thereof as provided herein, then the Trustee thereafter promptly shall give notice in writing thereof to Moody's and/or S&P and/or Fitch, as the case may be.

SECTION 13. Notices to Moody's, S&P and/or Fitch. All notices required to be given to Moody's and/or S&P and/or Fitch hereunder shall be sent by first-class mail (postage prepaid), telecopier or other written electronic means or delivered to the address specified below.

Moody's Investors Service
7 World Trade Center at 250 Greenwich Street
New York, New York 10007
Attn: Public Finance Ratings
Desk/Refunded Bonds
Telecopier: (212) 553-4791

Standard & Poor's
55 Water Street
New York, New York 10041
Attn: Muni Ratings Desk
Telecopier: (212) 438-2124

Fitch Ratings
One State Street Plaza
New York, New York 10004
Telecopier: (212) 480-4435

The Trustee's agreement to provide notices to Moody's and/or S&P and/or Fitch hereunder is made as a matter of courtesy and accommodation only and the Trustee shall not be liable to any person for any failure to provide any such notice.

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 CONSTRUED UNDER THE LAWS OF THE STATE OF FLORIDA.

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 legal holiday or a day on which banking institutions in the city in which is located the principal office of the Trustee 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 after such nominal date.

SECTION 17. Assignment. This Agreement shall not be assigned by the Trustee or any successor thereto without the prior written consent of the City.

[remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers as of the date first above written.

CITY OF GAINESVILLE, FLORIDA

By _____
Interim Chief Financial Officer, Utilities

Approved as to Form and Legality

By _____
City Attorney

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By _____
Name: Jean Clarke
Title: Vice President

SCHEDULE A

Defeasance Securities

<u>Security</u>	<u>Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Purchase Price</u>
-----------------	-----------------	-----------------------------	--------------------------	---------------------------

Total.....				\$
------------	--	--	--	----