

## ESCROW DEPOSIT AGREEMENT

This ESCROW DEPOSIT AGREEMENT, dated as of April 1, 2016, by and between the CITY OF ALACHUA, FLORIDA (the "Issuer"), and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., or its registered successors and assigns (the "Escrow Agent");

### WITNESSETH:

WHEREAS, the Issuer has previously authorized and issued obligations known as the City of Alachua, Florida Capital Improvement and Refunding Bonds, Series 2006, dated as of January 24, 2006, maturing on and after October 1, 2022 (collectively, the "Refunded Bonds"), as to which Total Debt Service (as hereinafter defined) is set forth on Schedule A hereto; and

WHEREAS, the Issuer has determined to provide for payment of the Total Debt Service of the Refunded Bonds by depositing with the Escrow Agent an amount which is at least equal to such Total Debt Service; and

WHEREAS, in order to obtain a portion of the funds needed for such purpose, the Issuer has authorized, and is, concurrently with the delivery of this Agreement, issuing its Capital Improvement Revenue and Revenue Refunding Bonds, Series 2016 (the "Series 2016 Bonds"); and

WHEREAS, the execution of this Escrow Deposit Agreement and full performance of the provisions hereof shall defease and discharge the Issuer from the Refunded Bonds within the meaning of Section 6.01 of Resolution No. 06-03, adopted by the City Commission of the Issuer on December 19, 2005 (the "Refunded Bonds Resolution"), authorizing the issuance of the Refunded Bonds.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the Issuer and the Escrow Agent agree as follows:

SECTION 1. Definitions. As used herein, the following terms mean:

- (a) "Agreement" means this Escrow Deposit Agreement.
- (b) "Annual Debt Service" means the principal of, redemption premium and interest on the Refunded Bonds coming due in such year as shown on Schedule A attached hereto and made a part hereof.
- (c) "Call Date" with respect to the Refunded Bonds shall mean May 12, 2016.
- (d) "Escrow Account" means the account hereby created and entitled Escrow Account established and held by the Escrow Agent pursuant to this Agreement, in which cash and

investments will be held for payment of the principal of, premium, if any, and accrued interest on the Refunded Bonds as they become due and payable.

(e) "Escrow Requirement" means, as of any date of calculation, the amount in cash in the Escrow Account which will be sufficient to pay when due the Total Debt Service on the Refunded Bonds in accordance with Schedule A hereto.

(f) "Insurer" means Ambac Assurance Corporation, the issuer of the financial guaranty insurance policy for the Refunded Bonds.

(g) "Total Debt Service" means the sum of the principal, premium and interest remaining unpaid with respect to the Refunded Bonds in accordance with Schedule A attached hereto.

SECTION 2. Deposit of Funds. The Issuer hereby deposits \$\_\_\_\_\_ with the Escrow Agent for deposit into the Escrow Account for the Refunded Bonds, which is in immediately available funds, which funds the Escrow Agent acknowledges receipt of, to be held in irrevocable escrow by the Escrow Agent separate and apart from other funds of the Escrow Agent and applied solely as provided in this Agreement. The Issuer represents that \$\_\_\_\_\_ of such funds are derived from the net proceeds of the Series 2016 Bonds and \$\_\_\_\_\_ of such funds are derived from the Issuer's other legally available funds. Based on a report verified by Robert Thomas, CPA, such funds are at least equal to the Escrow Requirement as of the date of such deposit.

SECTION 3. Use and Investment of Funds; Acknowledgement by Escrow Agent. The Escrow Agent acknowledges receipt of the sum described in Section 2 and agrees:

(a) to hold the funds pursuant to this Agreement in irrevocable escrow during the term of this Agreement for the sole benefit of the holders of the Refunded Bonds;

(b) on May 12, 2016, transfer \$\_\_\_\_\_ to the paying agent for the Refunded Bonds to pay the redemption price.

SECTION 4. Payment of Refunded Bonds and Expenses.

(a) Refunded Bonds. On May 12, 2016, the Escrow Agent shall transfer to the Paying Agent for the Refunded Bonds \$\_\_\_\_\_ in immediately available funds, which is a sum, including any other amounts paid by the Issuer, sufficient to pay for the redemption in full of the Refunded Bonds on such date.

(b) Surplus. After making the payments from the Escrow Accounts described in subsection 4(a) above, the Escrow Agent shall retain in the Escrow Account any remaining cash in the Escrow Account in excess of the Escrow Requirement until the termination of this Agreement, and shall then pay any remaining funds to the Issuer.

(c) Priority of Payments. The holders of the Refunded Bonds shall have an express first lien on the funds in the Escrow Account until such funds are used and applied as provided in this Agreement.

SECTION 5. Reinvestment. The Escrow Agent shall have no power or duty to invest any funds held under this Agreement or to sell, transfer or otherwise dispose of or make substitutions of the funds held hereunder.

SECTION 6. No Redemption or Acceleration of Maturity. The Issuer will not accelerate the maturity of, or exercise any option to redeem before maturity the Refunded Bonds except to call the Refunded Bonds for redemption on April 11, 2016.

SECTION 7. Responsibilities of Escrow Agent. The Escrow Agent 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 funds deposited therein, or the proceeds thereof or for any payment, transfer or other application of moneys or securities by the Escrow Agent in accordance with the provisions of this Agreement or by reason of any non-negligent or non-willful act, omission or error of the Escrow Agent made in good faith in the conduct of its duties. The Escrow Agent shall, however, be responsible for its negligent or willful failure to comply with its duties required hereunder, and its negligent or willful acts, omissions or errors hereunder. Notwithstanding any provision therein to the contrary, in no event shall the Escrow Agent be liable for special, indirect or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Escrow Agent has been advised of the likelihood of such loss or damage and regardless of the form of action. The duties and obligations of the Escrow Agent may be determined by the express provisions of this Agreement and no implied covenants or obligations shall be read into this Agreement against the Escrow Agent. The Escrow Agent may consult with counsel, who may or may not be counsel to the Issuer, and in conclusive reliance upon the 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 Escrow Agent 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 Issuer. The Escrow Agent may conclusively rely upon and shall be fully protected in acting upon any notice, order, requisition, request, consent, certificate, order, opinion (including an opinion of counsel), affidavit, letter, telegram or other paper or documents in good faith deemed by it to be genuine and correct and to have been signed or sent by the proper person or persons. The Escrow Agent may act through its agents and attorneys and shall not be responsible for any misconduct or negligence on the part of any such person so appointed with due care. Any payment obligation of the Escrow Agent hereunder shall be paid from, and is limited to funds available, established and maintained in hereunder and the Escrow Agent shall not be required to expend its own funds for the performance of its duties under this Agreement.

The Escrow Agent shall not be responsible or liable for any failure or delay in the performance of its obligation under this Agreement arising out of or caused, directly or indirectly, by circumstances beyond its reasonable control, including, without limitation, acts of God; earthquakes; fire; flood; hurricanes or other storms; wars; terrorism; similar military disturbances; sabotage; epidemic; pandemic; riots; interruptions; loss or malfunctions of utilities. Computer (hardware or software) or communications services; accidents; labor disputes; acts of civil or military authority or governmental action; it being understood that the Escrow Agent shall use commercially reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as reasonably practicable under the circumstances.

SECTION 8. Resignation of Escrow Agent. The Escrow Agent may resign and thereby become discharged from the duties and obligations hereby created, by notice in writing given to the Issuer and the Insurer, any rating agency then providing a rating on the Refunded Bonds and the Paying Agent for the Refunded Bonds not less than sixty (60) days before such resignation shall take effect. Such resignation shall not take effect until the appointment of and acceptance by a new Escrow Agent hereunder.

SECTION 9. Removal of Escrow Agent.

(a) The Escrow Agent may be removed at any time by an instrument or concurrent instruments in writing, executed by the holders of not less than fifty-one percentum (51%) in aggregate principal amount of the Refunded Bonds then outstanding, such instruments to be filed with the Issuer, and published by the Issuer once in a newspaper of general circulation in the territorial limits of the Issuer, and in a daily newspaper or financial journal of general circulation in the City of New York, New York, not less than sixty (60) days before such removal is to take effect as stated in said instrument or instruments. A photographic copy of any instrument filed with the Issuer under the provisions of this paragraph shall be delivered by the Issuer to the Escrow Agent.

(b) The Escrow Agent may also be removed at any time for any breach of trust or for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any material provisions of this Agreement with respect to the duties and obligations of the Escrow Agent by any court of competent jurisdiction upon the application of the Issuer or the holders of not less than five percentum (5%) in aggregate principal amount of the Series 2016 Bonds then outstanding, or the holders of not less than five percentum (5%) in aggregate principal amount of the Refunded Bonds then outstanding.

(c) The Escrow Agent may not be removed until a successor Escrow Agent has been appointed and has accepted its duties in the manner set forth herein.

SECTION 10. Successor Escrow Agent.

(a) If at any time hereafter the Escrow Agent shall resign, be removed, be dissolved or otherwise become incapable of acting, or shall be taken over by any governmental official, agency, department or board, the position of Escrow Agent shall thereupon become vacant. If the position of Escrow Agent shall become vacant for any of the foregoing reasons or for any other reason, the Issuer shall appoint an Escrow Agent to fill such vacancy. The Issuer shall either (i) publish notice of any such appointment made by it once in each week for four (4) successive weeks in a newspaper of general circulation published in the territorial limits of the Issuer and in a daily newspaper or financial journal of general circulation in the City of New York, New York, or (ii) mail a notice of any such appointment made by it to the Holders of the Refunded Bonds within thirty (30) days after such appointment.

(b) At any time within one year after such vacancy shall have occurred, the holders of a majority in principal amount of the Series 2016 Bonds then outstanding or a majority in principal amount of the Refunded Bonds then outstanding, by an instrument or concurrent instruments in writing, executed by either group of such bondholders and filed with the governing body of the Issuer, may appoint a successor Escrow Agent, which shall supersede any Escrow Agent theretofore appointed by the Issuer. Photographic copies of each such instrument shall be delivered promptly by the Issuer, to the predecessor Escrow Agent and to the Escrow Agent so appointed by the bondholders. In the case of conflicting appointments made by the bondholders under this paragraph, the first effective appointment made during the one year period shall govern.

(c) If no appointment of a successor Escrow Agent shall be made pursuant to the foregoing provisions of this section within sixty (60) days of giving notice of resignation or removal, the holder of any Refunded Bonds then outstanding, or any retiring Escrow Agent may apply to any court of competent jurisdiction to appoint a successor Escrow Agent. Such court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Escrow Agent.

SECTION 11. Payment to Escrow Agent. The Escrow Agent hereby acknowledges that it has agreed to accept compensation under this Agreement for the total sum of \$\_\_\_\_\_, which the Issuer agrees to pay for services to be performed by the Escrow Agent pursuant to this Agreement, plus reasonable out-of-pocket expenses to be reimbursed at cost from legally available funds of the Issuer. If the Escrow Agent is required by a governmental agency of court proceeding initiated by a third party to undertake efforts beyond that which is set forth herein but related thereto (other than due to the Escrow Agent's negligence or willful misconduct), the Escrow Agent shall notify the Issuer of the same in writing and the Issuer shall promptly pay the Escrow Agent for such extraordinary fees, costs and expenses reasonably and necessarily incurred in connection therewith.

SECTION 12. Term. This Agreement shall commence upon its execution and delivery and shall terminate when the Refunded Bonds have been paid and discharged on April 11, 2016 in accordance with the proceedings authorizing the issuance Series 2016 Bonds and the refunding of the Refunded Bonds.

SECTION 13. Severability. If any one or more of the covenants or agreements provided in this Agreement on the part of the Issuer or the Escrow Agent to be performed should be determined by a court of competent jurisdiction to be contrary to law, notice of such event shall be sent to Standard & Poor's Ratings Services, Moody's Investors Service, Inc. and Fitch Ratings, Inc., but such covenant or agreements herein contained shall be null and void and shall in no way affect the validity of the remaining provisions of this Agreement.

SECTION 14. Amendments to this Agreement. This Agreement is made for the benefit of the Issuer and the holders from time to time of the Refunded Bonds and it shall not be repealed, revoked, altered or amended in whole or in part without the written consent of all affected holders, the Escrow Agent and the Issuer and the Insurer of the Refunded Bonds; provided, however, that the Issuer and the Escrow Agent may, without the consent of, or notice to, such holders, but with the consent of the Insurer of the Refunded Bonds, 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 Agent, for the benefit of the holders of the Series 2016 Bonds and the Refunded Bonds any additional rights, remedies, powers or authority that may lawfully be granted to, or conferred upon, such holders or the Escrow Agent; and
- (c) to subject to this Agreement additional funds, securities or properties.

The Escrow Agent shall, at its option, be entitled to rely exclusively upon an opinion of nationally recognized attorneys on the subject of municipal bonds acceptable to the Issuer with respect to compliance with this Section, 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. Prior written notice of such amendments, together with proposed copies of such amendments shall be provided to any rating agency then providing a rating on the Refunded Bonds.

SECTION 15. 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 16. Governing Law. This Agreement shall be construed under the laws of the State of Florida without regard to conflict of law principles.

SECTION 17. Notice of Defeasance. The Issuer hereby irrevocably instructs the Escrow Agent, in its capacity as Paying Agent to mail, or cause to be mailed, to the registered owners of the Refunded Bonds and to the Insurer, by first class mail, postage prepaid, as soon as practicable, and file, or cause to be filed, with the Municipal Securities Rulemaking Board ("MSRB"), in each case within ten (10) business days of the deposit and investment of moneys provided for in this Escrow Agreement, a notice of defeasance of the Refunded Bonds, substantially in the form attached hereto as Schedule B.

SECTION 18. Notice of Optional Redemption. The Issuer hereby irrevocably instructs the Escrow Holder, in its capacity as Paying Agent, to mail, or cause to be mailed, in accordance with the provisions of Section 2.05 of the Refunded Bonds Resolution, a notice of optional redemption of the Refunded Bonds, substantially in the form attached hereto as Schedule C.

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

CITY OF ALACHUA, FLORIDA

(SEAL)

By: \_\_\_\_\_  
Mayor

ATTESTED AND COUNTERSIGNED:

By: \_\_\_\_\_  
City Manager and Clerk

THE BANK OF NEW YORK MELLON  
TRUST COMPANY, N.A.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

[Signature Page | Escrow Deposit Agreement]



SCHEDULE A

CITY OF ALACHUA, FLORIDA  
CAPITAL IMPROVEMENT AND REFUNDING REVENUE BONDS, SERIES 2006  
SCHEDULE OF DEBT SERVICE

<u>Date</u>	Outstanding <u>Principal</u>	Redeemed <u>Principal</u>	<u>Interest</u>	Total <u>Debt Service</u>
5/12/2016	\$6,400,000	\$6,400,000		
<b>TOTAL</b>	\$6,400,000	\$6,400,000		

## SCHEDULE B

### NOTICE OF DEFEASANCE

CITY OF ALACHUA, FLORIDA  
CAPITAL IMPROVEMENT AND REFUNDING REVENUE BONDS, SERIES 2006,  
described below

NOTICE IS HEREBY GIVEN for and on behalf of the City of Alachua, Florida (the "Issuer") that the City of Alachua, Florida Capital Improvement and Refunding Revenue Bonds, Series 2006, described below (the "Defeased Bonds") have been legally defeased.

<u>Maturity Date</u> <u>(October 1)</u>	<u>Interest Rate</u>	<u>Principal</u> <u>Amount</u>	<u>Original</u> <u>CUSIP</u>
2022	4.000%	\$345,000	01071NAP6
2023	4.000	360,000	01071NAQ4
2025	4.125	755,000	01071NAR2
2030	4.400	2,205,000	01071NAS0
2035*	4.500	2,735,000	01071NAT8

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\*Final maturity.

In addition, the deposit required by Section 6.01 of Resolution No. 06-03, adopted by the City Commission of the Issuer on December 19, 2005 (the "Resolution") of moneys has been made and the pledge of and lien on the Pledged Revenues (as defined in the Resolution) in favor of the registered owners of the Defeased Bonds is no longer in effect. Said deposit was made on April 11, 2016, in irrevocable escrow with The Bank of New York Mellon Trust Company, N.A., as escrow agent.

Payment of the principal amount of the Defeased Bonds, and accrued interest, will be paid by the Paying Agent (as defined in the Resolution) for the Defeased Bonds in the usual manner, pending the redemption of the Defeased Bonds on May 12, 2016.

This notice does not constitute a notice of redemption and no Defeased Bonds should be delivered to the Issuer as a result of the publication hereof.

Dated this 12<sup>th</sup> day of April, 2016.

## SCHEDULE C

### NOTICE OF OPTIONAL REDEMPTION

CITY OF ALACHUA, FLORIDA  
CAPITAL IMPROVEMENT AND REFUNDING REVENUE BONDS, SERIES 2006,  
described below

NOTICE IS HEREBY GIVEN for and on behalf of the City of Alachua, Florida (the "Issuer"), that the City of Alachua, Florida Capital Improvement and Refunding Revenue Bonds, Series 2006, described below originally issued on January 24, 2006 (the "Redeemed Bonds") have been irrevocably called for optional redemption on the redemption date of May 12, 2016 (the "Redemption Date") at the redemption price equal to 100% of the principal amount of the Redeemed Bonds to be redeemed (the "Redemption Price"):

<u>Maturity Date</u> <u>(October 1)</u>	<u>Interest Rate</u>	<u>Principal</u> <u>Amount</u>	<u>Original</u> <u>CUSIP</u>
2022	4.000%	\$345,000	01071NAP6
2023	4.000	360,000	01071NAQ4
2025	4.125	755,000	01071NAR2
2030	4.400	2,205,000	01071NAS0
2035*	4.500	2,735,000	01071NAT8

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\*Final maturity.

Interest will be paid in the usual manner. On the Redemption Date, the Redemption Price upon each Redeemed Bond will become due and payable. As provided in Resolution No. 06-03, adopted by the City Commission of the Issuer on December 19, 2005, the Redeemed Bonds shall, on the redemption date, become due and payable at the redemption price herein specified, and from and after such date (unless the Issuer shall default in the payment of the Redemption Price) such Redeemed Bonds shall cease to bear interest. Upon surrender of such Redeemed Bonds for redemption in accordance with this notice, such Redeemed Bonds shall be paid at the redemption price by The Bank of New York Mellon Trust Company N.A., as Paying Agent and Registrar for the Redeemed Bonds at the following address:

The Bank of New York Mellon Trust Company, N.A.  
Global Corporate Trust  
111 Sanders Creek Parkway  
East Syracuse, NY 13057

Each check or other transfer of funds issued by the Registrar for the purpose of the payment of the redemption price of Redeemed Bonds shall bear the CUSIP number identifying, by issue and maturity, the Redeemed Bonds being redeemed with the proceeds of such check or

other transfer. Installments of interest due on or prior to the redemption date shall be payable as provided in the Resolution for payment of interest. All Redeemed Bonds which have been redeemed shall be canceled and destroyed by the Registrar and shall not be reissued.

Dated this 12<sup>th</sup> day of May, 2016.