

\_\_\_\_\_  
Roy Lynch  
Finance Director  
County of Chatham, North Carolina

## ESCROW AGREEMENT

This **ESCROW AGREEMENT** (the “*Agreement*”) is dated as of June \_\_, 2025 between the **COUNTY OF CHATHAM, NORTH CAROLINA** (the “*County*”) and **REGIONS BANK**, as escrow agent (the “*Escrow Agent*”), being authorized to accept and execute trusts of the character herein set out under and by virtue of the laws of the State of North Carolina.

### WITNESSETH:

**WHEREAS**, the County has previously issued its \$18,795,000 Limited Obligation Bonds (County of Chatham, North Carolina), Series 2012 (the “*2012 Bonds*”) evidencing proportionate undivided interests in rights to receive certain revenues pursuant to a Contract (defined herein), executed and delivered pursuant to an Indenture (as defined herein);

**WHEREAS**, the County wishes to defease the outstanding 2012 Bonds (the “*Defeased Bonds*”) in advance of their maturities;

**WHEREAS**, pursuant to the Indenture (as defined herein) and for the purpose of defeasing the Defeased Bonds, the County will deposit money in the Escrow Fund established under this Agreement, which funds are to be applied to the payment of the Defeased Bonds; and

**WHEREAS**, this Agreement sets forth the understandings and agreements of the County and the Escrow Agent with respect to the Defeased Bonds and the Escrow Fund;

**NOW, THEREFORE**, in consideration of the mutual covenants and agreements contained in this Agreement, and intending to be legally bound, the County and the Escrow Agent covenant and agree:

### ARTICLE I

#### DEFINITIONS

Except as provided herein, all defined terms contained in the Indenture have the same meanings in this Agreement. In addition, the following words and terms, unless the context otherwise requires, have the following meanings:

“**Agreement**” means this Escrow Agreement dated as of June \_\_, 2025 between the County and the Escrow Agent.

“**Contract**” means the Installment Financing Contract dated as of April 1, 2012 between the Corporation and the County and any amendments or supplements thereto, including the Exhibits attached thereto.

**“Corporation”** means Chatham County Public Facilities Corporation or any successor thereto.

**“County”** means the County of Chatham, North Carolina, or any successor to its functions.

**“Defeased Bonds”** means the outstanding 2012 Bonds maturing on December 1, 2028, to be defeased and redeemed with proceeds of the Escrow Fund.

**“Escrow Agent”** means Regions Bank, and its successors and assigns.

**“Escrow Fund”** means the Escrow Fund created in Section 2.01 which is to be applied to the payment of Defeased Bonds as provided herein.

**“Indenture”** means an Indenture of Trust dated as of April 1, 2012 between the Chatham County Public Facilities Corporation and the Trustee.

**“State”** means the State of North Carolina.

**“Trustee”** means Regions Bank, as trustee under the Indenture.

**“2012 Bonds”** means the \$18,795,000 Limited Obligation Bonds (County of Chatham, North Carolina), Series 2012 evidencing proportionate undivided interests in rights to receive certain Revenues pursuant to the Contract, of which \$4,305,000 remain outstanding.

## ARTICLE II

### CREATION OF ESCROW FUND

**Section 2.01. Escrow Fund.** There is hereby created and established with the Escrow Agent a special and irrevocable escrow fund designated the Escrow Fund, to be held in the custody of the Escrow Agent separate and apart from other funds and accounts of the County or the Escrow Agent.

**Section 2.02. Initial Deposit.** Concurrently with the execution of this Agreement, the County (a) directs the transfer of \$1,068.66 from the Chatham County 2012 LOBs Principal Account created under the Indenture, together with any interest accrued thereon, and (b) \$[ ] from County funds to be deposited with the Escrow Agent. The Escrow Agent acknowledges receipt of \$[ ] for deposit in the Escrow Fund. Amounts deposited in the Escrow Fund will be invested per directions from the County in Fidelity Treasury Only Class II Fund #542, or equivalent, or as permitted under Section 159-30 of North Carolina General Statutes, as amended. Funds on deposit in the Escrow Fund shall be used to pay (a) the sinking fund redemption payments due on December 1, 2025 through December 1, 2027, inclusive, (b) the maturing interest on the Defeased Bonds until December 1, 2028 and (c) 100% of the principal of the Defeased Bonds on December 1, 2028. The County hereby finds and determines that the funds on deposit in the Escrow Fund provide sufficient moneys to pay the Defeased Bonds and to comply with United States Department of the Treasury regulations adopted or applicable pursuant to the Internal Revenue Code of 1986, as amended. As funds sufficient to make such payments have been set aside for their payment, such Defeased Bonds are hereby deemed paid in full and no longer Outstanding under the Indenture.

**Section 2.03. Irrevocable Deposit; Control.** The deposit in the Escrow Fund shall constitute an irrevocable deposit of such money exclusively for the benefit of the Defeased Bonds, respectively, and

such money, together with any income or interest earned thereon, shall be held in trust and shall be applied solely to the payment of the principal of and interest on the Defeased Bonds as the same mature and become due on redemption as set forth in Schedule I hereto (***“Schedule I”***). Subject to the requirements set forth herein for the use of the Escrow Fund and the money and investments therein, including, without limitation, Section 3.02, the County covenants and agrees that the Escrow Agent shall have full and complete control and authority over and with respect to the Escrow Fund and money and investments therein and that the County shall not exercise any control or authority over and with respect to the Escrow Fund and the money and investments therein.

The County irrevocably directs the Trustee to pay the Defeased Bonds maturing in accordance with the schedule set forth in Schedule I through December 1, 2028.

### **ARTICLE III**

#### **DUTIES OF THE ESCROW AGENT; FEES AND COSTS**

**Section 3.01. *Payments on Defeased Bonds.*** The Escrow Agent, without further authorization and direction from the County, shall pay to the Trustee, from money available in the Escrow Fund, on the date on which each payment of principal and interest falls due, money sufficient to pay the principal of and interest falling due on the Defeased Bonds as set forth in Schedule I hereto. Payments with respect to the Defeased Bonds are to be made from money in the Escrow Fund securing the Defeased Bonds and shall be made to the persons entitled thereto.

The liability of the Escrow Agent for the payment of the principal of and interest on the Defeased Bonds under this Section is limited to the cash available for such purposes in the Escrow Fund. The County shall not direct the Escrow Agent to exercise any of its powers to cause any part of the money or funds at any time in the Escrow Fund to be used directly or indirectly to acquire any obligations which would cause any Defeased Bond to be an “arbitrage bond” within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended.

**Section 3.02. *Escrow Agent’s Fees.*** The Escrow Agent’s fees for and in carrying out the provisions of this Agreement have been fixed, which fees are to be paid by the County as they are due from funds of the County and not from funds in the Escrow Fund. The County will bear all costs of publication and mailing of notices required by this Agreement or the Indenture. The Escrow Agent is not liable for any loss resulting from any investment made at the direction of the County pursuant to the terms and provisions of this Agreement. In addition to fixed fees, the County will also pay the Escrow Agent’s out of pocket expenses, including reasonable attorney’s fees, if any. Section 4.11 of this Agreement applies to the payment of expenses as described in this Section but not to the payment of fees, which are fixed.

**Section 3.03. *Escrow Agent Generally.***

(a) The Escrow Agent has no responsibility to the County or any person in connection herewith except as specifically provided herein and is not responsible for anything done or omitted to be done by it, except for its own negligence or default in the performance of any obligation imposed on it hereunder.

(b) Subject to the exception in paragraph (a) as to its own negligence or default in the performance of any obligation imposed on it hereunder, the Escrow Agent

has no responsibility for verifying the genuineness, correctness, or competence of any document, instrument or writing, and shall not be charged with knowledge or notice of any fact or circumstance not specifically set forth herein.

(c) The Escrow Agent may act on any written notice, request, waiver, consent, certificate, receipt, authorization, power of attorney, or other instrument or document from the County's Finance Director or Assistant Finance Director which the Escrow Agent reasonably and in good faith believes to be genuine and to be what it purports to be.

(d) The Escrow Agent has no duty to determine or inquire into the happening or occurrence of any event or contingency or the performance or failure of performance of the County with respect to arrangements or contracts with others. The Escrow Agent may request from the County or any person such reasonable evidence as the Escrow Agent in its discretion deems necessary to determine any fact relating to the occurrence of any event or contingency and in this connection may inquire and consult with the County, among others, at any time. The County shall provide such evidence to the Escrow Agent and the Escrow Agent is entitled to rely thereon.

(e) The Escrow Agent has no liability for following any instructions given by the County or in this Agreement or set forth in any court or administrative order.

(f) The Escrow Agent may resign and thereby become discharged from the trusts hereby created by notice in writing given to the County not less than 30 days before such resignation is to take effect. The Escrow Agent agrees to serve as Escrow Agent until a successor is appointed. Such resignation is effective immediately, however, on the appointment of a successor Escrow Agent if such successor Escrow Agent is appointed before the expiration of said notice period. If such appointment of a successor Escrow Agent is not made within 30 days after the date that such resignation was to take effect as provided in the notice thereof given to the County, then the Escrow Agent may apply to a court of competent jurisdiction to appoint a successor Escrow Agent and give notice thereof to the County and not object to the County's intervention therein.

The Escrow Agent may be replaced by the County and thereby become discharged from the trusts hereby created by notice in writing given from the County to the Escrow Agent not less than 30 days before such replacement is to take effect. The Escrow Agent agrees to serve as Escrow Agent until a successor is appointed. Such replacement is effective immediately, however, on the appointment of a successor Escrow Agent if such successor Escrow Agent is appointed before the expiration of said notice period.

(g) If a disagreement or dispute arises under this Agreement, or if adverse claims or demands are made in connection with this Agreement or any property involved herein or affected hereby, the Escrow Agent may petition a court of competent jurisdiction, within the limitations set forth in Section 4.07, to resolve the disagreement or dispute or adverse claims or demands and must, at the time of filing such petition, give notice thereof to the County. In connection therewith, the Escrow Agent may (but is not required to) tender into the custody of the court all money or property in its hands under the terms of this Agreement, and then be discharged from all further duties under this Agreement. The filing of any such legal proceeding does not deprive Escrow Agent of its compensation earned before such filing.

**Section 3.05. *Notices to Defeased Bond Owners.*** The Escrow Agent will cause a notice of defeasance, substantially in the form attached to this Agreement as Exhibit A, to be mailed to the parties and in the manner set forth on Exhibit A.

## ARTICLE IV

### GENERAL PROVISIONS

**Section 4.01. *Escrow Fund Irrevocable.*** The Escrow Fund hereby created is irrevocable and the owners of the Defeased Bonds are hereby granted an express lien on the Escrow Fund until applied in accordance with this Agreement.

The Escrow Agent shall hold the Escrow Fund as a separate trust fund wholly segregated from all other funds and accounts held in any capacity and shall make disbursements from such funds only in accordance with the provisions of this Agreement.

Under no circumstances shall the Escrow Agent have a lien on the Escrow Fund for its charges, fees and expenses and under no circumstances shall the Escrow Agent make any claim against the Escrow Fund for such charges, fees and expenses.

**Section 4.02. *Report.*** The Escrow Agent shall deliver to the County on or before the fifth business day of each month a report of each transaction relating to the Escrow Fund through the last business day of the preceding month.

**Section 4.03. *Defeased Bond Owner Rights.*** The Escrow Agent and the County agree that the owners of the Defeased Bonds have a beneficial and vested interest in the Escrow Fund as herein provided. It is therefore recited, understood and agreed that, until the provisions hereof have been fully carried out, this Agreement (a) may be amended only to cure ambiguity or correct manifest error without the prior written consent of all of the owners of the Defeased Bonds and (b) is not subject to amendment for any other reason or revocation except with the prior written consent of all of the owners of the Defeased Bonds.

**Section 4.04. *Deficiency.*** If there is any deficiency in the Escrow Fund, the County will remedy such deficiency by paying to the Escrow Agent the amount of such deficiency. The Escrow Agent is not liable for any such deficiency, except as may be caused by its negligence or misconduct or default in the performance of any obligation imposed on it hereunder.

**Section 4.05. *Termination.*** This Agreement terminates when all payments of the principal of and interest on the Defeased Bonds required to be made to the owners of the Defeased Bonds under the provisions of the Indenture have been made.

**Section 4.06. *Severability.*** If any one or more of the covenants or agreements provided in this Agreement on the part of the parties hereto to be performed are determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement is to be deemed and construed to be severable from the remaining covenants and agreements herein contained and in no way affect the validity of the remaining provisions of this Agreement.

**Section 4.07. *Law.*** This Agreement is governed exclusively by the laws of the State. It inures to and is binding on the parties hereto and their respective successors and assigns. This Agreement is

deemed made in Chatham County, North Carolina. The exclusive forum and venue for all actions arising out of this Agreement is the North Carolina General Court of Justice, in Chatham County. Such actions shall neither be commenced nor removed to federal court. This Section shall not apply to subsequent actions to enforce a judgment entered in actions heard pursuant to this Section.

**Section 4.08. Counterparts.** This Agreement may be executed in several counterparts, all or any of which are regarded for all purposes as one original and constitute one and the same instrument.

**Section 4.09. Notices.** Any notice or other communication to be given under this Agreement shall be in writing and may be given by certified mail (postage prepaid, return receipt requested) or by personal delivery, if to the County: County of Chatham, North Carolina, 12 East Street, Pittsboro, North Carolina 27312, Attention: Finance Director, and if to the Escrow Agent, Regions Bank, 1180 West Peachtree Street, Suite 1200, Atlanta, Georgia 30309, Attention: Corporate Trust.

**Section 4.10. Covenants of County or Corporation not Covenants of Officials Individually.** No covenant, stipulation, obligation or agreement contained herein shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future member, director, agent, officer or employee of the County or the Local Government Commission of North Carolina in his or her individual capacity, and neither the members of the Board of Commissioners of the County, the members of the Local Government Commission of North Carolina nor any other member, director, agent, officer or employee of the County or the Local Government Commission of North Carolina is subject to any personal liability under this Agreement.

**Section 4.11. References to Fees and Expenses.** Wherever this Agreement contains a reference to fees or expenses, such reference is deemed to include the word “reasonable” as an antecedent thereto.

**IN WITNESS WHEREOF**, the Escrow Agent and the County have caused this Agreement to be executed and attested by their duly authorized officers, as of the \_\_\_ day of June, 2025.

**REGIONS BANK**, as Escrow Agent

By: \_\_\_\_\_  
Lisa L. Moorehead  
Vice President

[SIGNATURES CONTINUED ON FOLLOWING PAGE]

[COUNTERPART SIGNATURE PAGE TO THE AGREEMENT]

**COUNTY OF CHATHAM, NORTH CAROLINA**

By: \_\_\_\_\_  
Bryan Thompson  
County Manager

**COUNTY OF CHATHAM, NORTH CAROLINA**

By: \_\_\_\_\_  
Roy Lynch  
Finance Director

**SCHEDULE I**

**PAYMENT SCHEDULE FOR DEFEASED BONDS**

<b><u>DATE</u></b>	<b><u>PRINCIPAL</u></b>	<b><u>INTEREST</u></b>
12/01/25	\$1,255,000	\$107,625
06/01/26		76,250
12/01/26	1,300,000	76,250
06/01/27		43,750
12/01/27	1,350,000	43,750
06/01/28		10,000
12/01/28	400,000	10,000



## EXHIBIT A

### NOTICE OF DEFEASANCE

**\$18,795,000**

***Chatham County Public Facilities Corporation  
Limited Obligation Bonds (County of Chatham, North Carolina), Series 2012***

<u>CUSIP*</u>	<u>MATURITY</u>	<u>RATE</u>	<u>ORIGINAL AMOUNT</u>	<u>AMOUNT OUTSTANDING</u>
16207RAP2	December 1, 2028	5.00%	\$5,515,000	\$4,305,000

Pursuant to an Indenture of Trust dated as of April 1, 2012 (the “*Indenture*”) between the Chatham County Public Facilities Corporation and Regions Bank, Charlotte, North Carolina, as trustee (the “*Trustee*”), the Corporation executed and delivered Limited Obligation Bonds (County of Chatham, North Carolina), Series 2012 in the aggregate principal amount of \$18,795,000 (the “*2012 Bonds*”), of which \$4,305,000 is currently outstanding (the “*Defeased Bonds*”).

***NOTICE IS HEREBY GIVEN*** by the County that, in accordance with the Indenture, there has been deposited with the undersigned funds sufficient to pay (a) the sinking fund redemption payments due on December 1, 2025 through December 1, 2027, inclusive, (b) the maturing interest on the Defeased Bonds through December 1, 2028, and (c) 100% of the principal of the Defeased Bonds maturing on December 1, 2028 which Regions Bank, as escrow agent, will use to make such payments as they become due and payable. As funds have been set aside to pay the Defeased Bonds through maturity, such Defeased Bonds are deemed to have been paid in accordance with the Indenture.

**COUNTY OF CHATHAM, NORTH CAROLINA**

**By: REGIONS BANK, as trustee**

Date: [As soon as practicable after the execution and delivery of the Escrow Agreement]

To: EMMA, by posting electronically, in PDF format, to [www.MSRB.org/msrb1/control/default.asp](http://www.MSRB.org/msrb1/control/default.asp).