

ESCROW AGREEMENT

THIS ESCROW AGREEMENT (Agreement), made by and between <<NAME OF ENTITY>>, a political subdivision of the State of Texas in <<NAME OF COUNTY>>, Texas, (<<ENTITY>>), acting by and through _____ and _____, as Escrow Agent together with any successor in such capacity;

W I T N E S S E T H:

WHEREAS, pursuant to [an [Ordinance/Resolution/Order] finally adopted on _____, 20__ ([Ordinance/Resolution/Order]), <<NAME OF ENTITY>> authorized the issuance of <<\$_____ <<NAME OF ENTITY>> <<NAME OF BONDS/CERTIFICATES OF OBLIGATION>>, Series _____, dated _____>>] OR [a [Loan Agreement and Promissory Note /Principal Forgiveness Agreement/Grant Agreement], pursuant to which the <<ENTITY>> will accept certain contractual obligations] (Obligations) to obtain financial assistance from the Texas Water Development Board (TWDB) for the purpose of funding a project identified as Project No. <<XXXXXX>> (Project); and

WHEREAS, the Escrow Agent is a state or national bank designated by the Texas Comptroller as a state depository institution in accordance with Texas Government Code, Chapter 404, Subchapter C, or is a designated custodian of collateral in accordance with Texas Government Code, Chapter 404, Subchapter D and is otherwise qualified and empowered to enter into this Agreement, and hereby acknowledges its acceptance of the terms and provisions hereof; and

WHEREAS, a condition of the Obligations is the deposit of the proceeds of the Obligations (Proceeds) in escrow subject to being withdrawn only with the approval of the Executive Administrator or another designated representative; provided, however, the Proceeds can be transferred to different investments so long as all parties hereto consent to such transfer;

NOW, THEREFORE, in consideration of the mutual agreements herein contained and in consideration of the amount of fees to be paid by the <<ENTITY>> to the Escrow Agent, as set forth on **EXHIBIT A**, the receipt of which is hereby acknowledged, and in order to secure the delivery of the Obligations, the parties hereto mutually undertake, promise, and agree for themselves, their respective representatives and successors, as follows:

SECTION 1: ESCROW ACCOUNT(S). In accordance with the closing memo signed by the Executive Administrator or an authorized representative and upon delivery of the Obligations, the Proceeds identified under TWDB Commitment Number(s) <<COMMITMENT NO(S).>> shall be, released to pay closing costs or deposited to the credit of a special escrow account(s) or escrow subaccount(s) (Escrow Account(s)) by the Escrow Agent. The Escrow Account(s) shall be maintained at the Escrow Agent on behalf of the <<ENTITY>> and the TWDB and shall not be commingled with any other accounts or with any other proceeds or funds. The Proceeds

received by the Escrow Agent under this Agreement shall not be considered as a banking deposit by the <<ENTITY>>, and the Escrow Agent shall have no right to title with respect thereto except as Escrow Agent under the terms of this Agreement.

The Escrow Account(s) shall be entitled “<<NAME OF ENTITY>> <<SERIES>> TWDB <<COMMITMENT NO.>>” [LIMIT 35 Characters total] and shall not be subject to warrants, drafts or checks drawn by the <<ENTITY>> but shall be disbursed or withdrawn to pay the costs of the Project for which the Obligations were issued or other purposes in accordance with the [Ordinance/Resolution/Order] OR [Loan Agreement/Principal Forgiveness Agreement/Grant Agreement] and solely upon written authorization from the Executive Administrator or his/her designated representative. The Escrow Agent shall provide to the <<ENTITY>> and to the TWDB the Escrow Account(s) bank statements upon request.

SECTION 2: COLLATERAL. All cash deposited to the credit of such Escrow Account(s) and any accrued interest in excess of the amounts insured by the FDIC and remaining uninvested under the terms of this Agreement shall be continuously secured by a valid pledge of direct obligations of the United States of America or other collateral meeting the requirements of the Public Funds Collateral Act, Texas Government Code, Chapter 2257.

SECTION 3: INVESTMENTS. While the Proceeds are held in escrow, the Escrow Agent shall invest escrowed Proceeds only in investments that are authorized by the Public Funds Investment Act, Texas Government Code, Chapter 2256 (PFIA). The <<ENTITY>> is responsible for directing the Escrow Agent to invest all public funds in a manner that is consistent with both the PFIA and its own written investment policy.

SECTION 4: DISBURSEMENTS. The Escrow Agent shall not honor any disbursement from the Escrow Account(s), or any portion thereof, unless and until it has been supplied with written approval and consent by the Executive Administrator or a designated representative. No written approval and consent by the Executive Administrator shall be required if the disbursement involves transferring Proceeds from one investment to another within the Escrow Account(s) provided that all such investments are consistent with the PFIA requirements.

SECTION 5: UNEXPENDED FUNDS. Any Proceeds remaining unexpended in the Escrow Account(s) after completion of the Project and after the final accounting has been submitted to and approved by the TWDB shall be disposed of pursuant to the provisions of the Obligations. The <<ENTITY>> shall deliver a copy of TWDB approval of the final accounting to the Escrow Agent together with instructions concerning the disbursement of unexpended Proceeds hereunder. The Escrow Agent shall have no obligation to ensure that such unexpended Proceeds are used as required by the provisions of the Obligations, that being the sole obligation of the <<ENTITY>>.

SECTION 6: CERTIFICATIONS. The Escrow Agent shall be authorized to accept and rely upon the certifications and documents furnished to the Escrow Agent by the <<ENTITY>> and shall not be liable for the payment of any funds made in reliance in good faith upon such certifications or other documents or approvals, as herein recited.

SECTION 7: LIABILITY OF ESCROW AGENT. To the extent permitted by law, the Escrow Agent shall not be liable for any act done or step taken or omitted by it or any mistake of fact or law, except for its negligence or default or failure in the performance of any obligation imposed upon it hereunder. The Escrow Agent shall not be responsible in any manner for any proceedings in connection with the Obligations or any recitation contained in the Obligations.

SECTION 8: RECORDS. The Escrow Agent will keep complete and correct books of record and account relating to the receipts, disbursements, allocations and application of the money deposited to the Escrow Account, and investments of the Escrow Account and all proceeds thereof. The records shall be available for inspection and copying at reasonable hours and under reasonable conditions by the <<ENTITY>> and the TWDB.

SECTION 9: MERGER/CONSOLIDATION. In the event that the Escrow Agent merges or consolidates with another bank or sells or transfers substantially all of its assets or corporate trust business, then the successor bank shall be the successor Escrow Agent without the necessity of further action as long as the successor bank is a state or national bank designated by the Texas Comptroller as a state depository institution in accordance with Texas Government Code, Chapter 404, Subchapter C, or is a designated custodian of collateral in accordance with Texas Government Code Chapter 404, Subchapter D. The Escrow Agent must provide the TWDB with written notification within 30 days of acceptance of the merger, consolidation, or transfer. If the merger, consolidation or other transfer has occurred between state banks, the newly-created entity shall forward the certificate of merger or exchange issued by the Texas Department of Banking as well as the statement filed with the pertinent chartering authority, if applicable, to the TWDB within five business days following such merger, consolidation, or exchange.

SECTION 10: AMENDMENTS. This Agreement may be amended from time to time as necessary with the written consent of the <<ENTITY>> and the TWDB, but no such amendments shall increase the liabilities or responsibilities or diminish the rights of the Escrow Agent without its consent.

SECTION 11: TERMINATION. In the event that this Agreement is terminated by either the <<ENTITY>> or by the Escrow Agent, the Escrow Agent must report said termination in writing to the TWDB within five business days of such termination. The <<ENTITY>> is responsible for ensuring that the following criteria are satisfied in selecting the successor escrow agent and notifying the TWDB of the change in escrow agents: (a) the successor escrow agent must be an FDIC-insured state or national bank designated by the Texas Comptroller as a state depository; (b) the successor escrow agent must be retained prior to or at the time of the termination; (c)

an escrow agreement must be executed by and between the <<ENTITY>> and the successor escrow agent and must contain the same or substantially similar terms and conditions as are present in this Agreement; and (d) the <<ENTITY>> must forward a copy of the executed escrow agreement with the successor escrow agent within five business days of said termination. No funds shall be released by the TWDB until it has received, reviewed and approved the escrow agreement with the successor escrow agent. If the <<ENTITY>> has not appointed a successor escrow agent within thirty (30) days of the notice of termination, the Escrow Agent may petition any court of competent jurisdiction in Texas for the appointment of a successor escrow agent or for other appropriate relief, and any such resulting appointment shall be binding upon the <<ENTITY>>. Whether appointed by the <<ENTITY>> or a court, the successor escrow agent and escrow agreement must be approved by the TWDB for the appointment to be effective. The Escrow Agent is responsible for performance under this Agreement until a successor has been approved by the TWDB and has signed an acceptable escrow agreement.

SECTION 12: EXPIRATION. This Agreement shall expire upon final transfer of the funds in the Escrow Account(s) to the <<ENTITY>>.

SECTION 13: POINT OF CONTACT. The points of contact for the Escrow Agent and the TWDB are as follows:

(Printed Name of Escrow Agent)	Executive Administrator
Physical (Street) Address	Texas Water Development Board
Phone Number	1700 North Congress Avenue
Fax Number	Austin, Texas 78701
Email Address	

<<AUTHORIZED AGENT>>
<<LEGAL NAME OF ENTITY>>
<<PHYSICAL ADDRESS>>

SECTION 14: CHOICE OF LAW. This Agreement shall be governed exclusively by the applicable laws of the State of Texas. Venue for disputes shall be in the District Court of Travis County, Texas.

SECTION 15: ASSIGNABILITY. This Agreement shall not be assignable by the parties hereto, in whole or in part, and any attempted assignment shall be void and of no force and effect.

SECTION 16: ENTIRE AGREEMENT. This Agreement evidences the entire Escrow Agreement between the Escrow Agent and the <<ENTITY>> and supersedes any other agreements, whether oral or written, between the parties regarding the Proceeds or the Escrow Account(s). No modification or amendment of this Agreement shall be valid unless the same is in writing and is signed by the <<ENTITY>> and consented to by the Escrow Agent and the TWDB.

SECTION 17: VALIDITY OF PROVISIONS. If any term, covenant, condition or provision of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby.

SECTION 18: COMPENSATION FOR ESCROW SERVICES. The Escrow Agent shall be entitled to compensation for its services as stated in Exhibit A, which compensation shall be paid by the <<ENTITY>> but may not be paid directly from the Escrow Account(s).

SECTION 19: VERIFICATION OF STATUTORY REPRESENTATIONS AND COVENANTS. The Escrow Agent makes the following representations and covenants pursuant to Chapters 2252, 2271, 2274, and 2276, Texas Government Code, as heretofore amended (the "Government Code"), in entering into this Escrow Agreement. As used in such verifications, "affiliate" means an entity that controls, is controlled by, or is under common control with the Underwriter within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit. Liability for breach of any such verification during the term of this Escrow Agreement shall survive until barred by the applicable statute of limitations and shall not be liquidated or otherwise limited by any provision of this Escrow Agreement, notwithstanding anything in this Escrow Agreement to the contrary.

(a) Not a Sanctioned Company. The Escrow Agent represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Government Code. The foregoing representation excludes the Escrow Agent and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.

(b) No Boycott of Israel. The Escrow Agent hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel during the term of this Escrow Agreement. As used in the foregoing verification, "boycott Israel" has the meaning provided in Section 2271.001, Government Code, as amended.

(c) No Discrimination Against Firearm Entities. The Escrow Agent hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association during the term of this Escrow Agreement. As used in the foregoing verification, "discriminate against a firearm entity or firearm trade association" has the meaning provided in Section 2274.001(3), Government Code.

(d) No Boycott of Energy Companies. The Escrow Agent hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy companies during the term of this Escrow Agreement. As used in the foregoing verification, "boycott energy companies" has the meaning provided in Section 2276.001(1), Government Code.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement effective upon signature of both parties.

<<NAME OF ENTITY>>

By: _____
Authorized Representative

Date: _____

<< NAME OF ENTITY>>

Address:

(Seal)

<<NAME OF BANK>>,
as Escrow Agent

By: _____

Title: _____

Date: _____

Address:

(Bank Seal)

EXHIBIT A
Fee Schedule