

SALES TAX CUSTODIAL AGREEMENT

THIS SALES TAX CUSTODIAL AGREEMENT (this "Agreement"), dated as of September 1, 2020, is entered into by and between COOK COUNTY SCHOOL DISTRICT (the "School District") and REGIONS BANK (the "Custodian").

W I T N E S S E T H:

WHEREAS, Article VIII, Section VI, Paragraph IV of the Constitution of the State of Georgia and Part 2 of Article 3 of Chapter 8 of Title 48 of the Official Code of Georgia Annotated, as amended (the "Sales Tax Act") authorize the imposition of a one percent sales and use tax for educational purposes (the "Sales and Use Tax") for the purpose of financing certain capital outlay projects; and

WHEREAS, at an election duly called and held within the School District on June 9, 2020 (the "Election"), a majority of the registered voters of the School District voting in the Election voted in favor of the (a) continuation of the Sales and Use Tax for a period of time not to exceed 20 calendar quarters and for the raising of not more than \$17,000,000 for the purposes of paying all or a portion of the costs of (i) certain capital outlay projects for educational purposes (the "Sales Tax Projects") and (ii) acquiring certain capital outlay assets (the "Leased Assets") that are being leased by the School District by paying all or a portion of the lease payments (the "Lease Payments") and (b) issuance of the general obligation debt of the School District in the maximum principal amount not to exceed \$10,350,000 (the "Debt"); and

WHEREAS, the School District desires to issue [\$9,235,000] in aggregate principal amount of the Debt in the form of its General Obligation Sales Tax Bonds, Series 2020 (the "Bonds") for the purpose of paying (a) all or a portion of the costs of the Sales Tax Projects, (b) capitalized interest and (c) costs of issuing the Bonds; and

WHEREAS, the Sales Tax Act requires that the School District segregate the proceeds of the Sales and Use Tax and apply the proceeds of the same to the payment of the Bonds, the costs of the Sales Tax Projects not funded with Bond proceeds (the "Non-Bond Projects") and the Lease Payments; and

WHEREAS, in order to comply with the Sales Tax Act, the School District has agreed to cause the proceeds of the Sales and Use Tax to be paid to the Custodian and to cause the Custodian to pay to the paying agent for the Bonds (the "Paying Agent") amounts sufficient to make payments of principal of and interest on the Bonds.

NOW, THEREFORE, for and in consideration of the premises above-stated and the mutual covenants herein contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto DO HEREBY AGREE as follows:

Section 1. In order to provide for the segregation of the moneys collected from the Sales and Use Tax and to provide for the use of such proceeds for the payment of the principal of and interest on the Bonds as the same become due and payable, the costs of the Non-Bond Projects and the Lease Payments, the School District hereby agrees to pay or cause to be paid to the Custodian all net proceeds of the Sales and Use Tax (the "Sales and Use Tax Proceeds").

Section 2. The Sales and Use Tax Proceeds shall be held by the Custodian in a special trust fund which shall be designated "Cook County School District Sales and Use Tax Fund" (the "Sales Tax Fund"), which fund shall be separate and apart from all other funds of the School District and of the Custodian. Within the Sales Tax Fund, the Custodian shall establish two accounts: the "Debt Service Account" and the "Projects Account." The Sales and Use Tax Proceeds shall be applied by the Custodian solely as provided in this Agreement.

Proceeds of the Sales and Use Tax received by the School District in any bond year (beginning October 2 of each year and ending October 1 of the following year) (a "Bond Year") shall be deposited into the Debt Service Account until such time as there is on deposit sufficient moneys to pay all principal of and interest on the Bonds coming due in that Bond Year. Once the Debt Service Account is fully funded each Bond Year, all remaining Sales and Use Tax Proceeds collected within that Bond Year shall be deposited into the Projects Account and may be used by the School District to pay the costs of the Non-Bond Projects and the Lease Payments. Moneys on deposit in the Debt Service Account shall be wired to the Paying Agent before noon on the 15th day of the month next preceding each interest payment date. Moneys on deposit in the Projects Account shall be wired to the School District pursuant to written wire instructions delivered to the Custodian by an authorized representative of the School District.

If at any time there are not sufficient amounts in the Debt Service Account to pay principal of and interest on the Bonds as the same become due and payable, the Custodian shall promptly notify the School District by telephone confirmed in writing of the amount of the shortfall. Should the moneys in the Debt Service Account prove insufficient on any payment date for the Bonds, the Custodian shall transfer the moneys necessary to make up for any such deficiency from the Projects Account to the Debt Service Account. Should the moneys in the Debt Service Account and the Projects Account prove insufficient on any payment date for the Bonds, the School District shall be solely responsible to make available moneys to make the required payments of principal of and interest on the Bonds from such other sources as are lawfully available to the School District.

Section 3. Moneys in the Sales Tax Fund, pending their disbursement as provided in Section 2, may be invested or reinvested by the Custodian at the written direction of the School District in any investment authorized by the laws of the State of Georgia.

The Custodian may make any or all of such investments through its own bond or trust department and may charge its ordinary and customary fees for such trades. All such investments shall be held by or under the control of the Custodian and shall be deemed at all times to be a part of the Sales Tax Fund and the interest accruing thereon and any profit realized therefrom shall be credited to the Sales Tax Fund and any loss resulting therefrom shall be charged to the Sales Tax Fund. The Custodian is directed to sell and convert to cash a sufficient

amount of such investments in the Sales Tax Fund whenever the cash held in the Sales Tax Fund is insufficient to provide for the timely payment of the principal of and interest on the Bonds.

The Custodian may conclusively rely upon the School District's written instructions as to both the suitability and legality of all directed investments. In the absence of written investment instructions from the School District, the Custodian shall not be responsible or liable for keeping the moneys held by it hereunder fully invested. The Custodian shall not be liable for any losses from any directed investments. Confirmations of permitted investments are not required to be issued by the Custodian for each month in which a monthly statement is rendered.

Section 4. The School District agrees to pay the Custodian \$500 annually in advance for its services hereunder, and if applicable, to reimburse the Custodian for its reasonable out-of-pocket expenses (including, without limitation, legal and accounting fees, costs and expenses) directly attributable to the performance of its obligations hereunder. Notwithstanding the foregoing, the Bank shall not be entitled to be reimbursed for any general operating expenses allocated to this Agreement. The Custodian and the School District agree that the Custodian shall have no lien upon the Sales Tax Fund for the payment of such fees and expenses, and the Custodian agrees that it shall not exercise any right of set-off or recoupment against the Sales Tax Fund.

Section 5. In performing its duties hereunder, the Custodian shall not incur any liability to anyone for damages, losses, or expenses except for willful misconduct or gross negligence, and accordingly:

(a) The Custodian undertakes to perform such duties and only such duties as are specifically set forth in this Agreement and no implied covenants or obligations shall be read into this Agreement against the Custodian. The Custodian shall not have any duties or responsibilities except those expressly set forth in this Agreement or be a trustee for or have any fiduciary obligation to any party hereto.

(b) The Custodian shall not be liable for any error of judgment made in good faith by an officer or officers of the Custodian, unless it shall be conclusively determined by a court of competent jurisdiction that the Custodian was grossly negligent in ascertaining the pertinent facts.

(c) The Custodian shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with any direction of the School District given under this Agreement.

(d) None of the provisions of this Agreement shall require the Custodian to expend or risk its own funds or otherwise to incur any liability, financial or otherwise, in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers if it shall have reasonable grounds for believing that repayment of such funds or indemnity satisfactory to it against such risk or liability is not assured to it.

(e) The Custodian may conclusively rely and shall be fully protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, approval or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties.

(f) Whenever in the administration of the provisions of this Agreement the Custodian shall deem it necessary or desirable that a matter be provided or established prior to taking or suffering any action to be taken hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of gross negligence or bad faith on the part of the Custodian, be deemed to be conclusively proved and established by a certificate signed by one of the School District's officers, as the case may be, and delivered to the Custodian and such certificate, in the absence of gross negligence or bad faith on the part of the Custodian, shall be full warranty to the Custodian for any action taken, suffered or omitted by it under the provisions of this Agreement upon the faith thereof.

(g) The Custodian may consult with counsel and the advice or any opinion of counsel shall be full and complete authorization and protection in respect of any action taken or omitted by it hereunder in good faith and in accordance with such advice or opinion of counsel.

(h) The Custodian shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, entitlement order, approval or other paper or document.

(i) The Custodian may execute any of the powers hereunder or perform any duties hereunder either directly or by or through agents, attorneys, custodians or nominees appointed with due care, and shall not be responsible for any willful misconduct or gross negligence on the part of any agent, attorney, custodian or nominee so appointed.

(j) In no event shall the Custodian be liable for special, indirect or consequential loss or damage of any kind whatsoever (including, but not limited to, lost profits), even if the Custodian has been advised of the likelihood of such loss or damage and regardless of the form of action.

(k) The Custodian is authorized, in its sole discretion, to comply with orders issued or process entered by any court with respect to the Sales Tax Fund, without determination by the Custodian of such court's jurisdiction in the matter. If any portion of the Sales Tax Fund is at any time attached, garnished or levied upon or under any court order, or in case the payment, assignment, transfer, conveyance or delivery of any such property shall be stayed or enjoined by any court order, or in case any order, judgment or decree shall be made or entered by any court affecting such property or any part thereof, then and in any such event, the Custodian is authorized, in its sole discretion, to rely upon and comply with any such order, writ, judgment or decree which it is advised by legal counsel selected by it that it is binding upon the Custodian without the need for appeal or

other action; and if the Custodian complies with any such order, writ, judgment or decree, it shall not be liable to the School District or to any other person or entity by reason of such compliance even though such order, writ, judgment or decree may be subsequently reversed, modified, annulled, set aside or vacated.

Section 6. The Custodian may resign at any time by providing the School District with at least sixty (60) days written notice. The Custodian may be removed by the School District at any time upon the School District providing at least sixty (60) days written notice to the Custodian. The Custodian agrees that in the event that it shall be removed or that it shall resign, it shall take all actions reasonably requested by the School District to transfer moneys in the Sales Tax Fund to the School District or to any successor Custodian appointed by the School District.

Section 7. The Custodian shall keep records as to all deposits made into the Sales Tax Fund and all disbursements therefrom, along with records of all investments made with respect thereto, and no less frequently than monthly or otherwise upon reasonable request of the School District, the Custodian shall provide the School District with copies of such records.

Section 8. All notices or directions required or permitted hereunder shall be sent by first class mail, postage prepaid or overnight courier, as follows:

If to the School District: Cook County School District
Attn: Jackie Sparks
1109 N. Parrish Avenue
Adel, GA 31620
Email: jsparks@cook.k12.ga.us

If to the Custodian: Regions Bank
Attn: Rick Jaegle
1180 West Peachtree Street, Suite 1200
Atlanta, GA 30309
Email: rick.jaegle@regions.com

The School District and the Custodian may each designate any other or additional address to which any such notice may be sent.

Section 9. To the fullest extent permitted by applicable law, from and at all times after the date of this Sales Tax Custodial Agreement, the School District agrees to defend, indemnify and hold harmless the Custodian and each director, officer, employee, attorney, agent and affiliate of Custodian (collectively, the “Indemnified Parties” and individually each an “Indemnified Party”) against any and all actions, claims (whether or not valid), losses, damages, liabilities, costs and expenses of any kind or nature whatsoever (including without limitation reasonable attorneys’ fees, costs and expenses) incurred by or asserted against any of the Indemnified Parties from and after the date hereof, whether direct, indirect or consequential, as a result of or arising from or in any way relating to any claim, demand, suit, action or proceeding (including any inquiry or investigation) by any person, including without limitation the School

District, whether threatened or initiated, asserting a claim for any legal or equitable remedy against any person under any statute or regulation, including, but not limited to, any federal or state securities laws, or under any common law or equitable cause or otherwise, arising from or in connection with the negotiation, preparation, execution, performance or failure of performance of this Sales Tax Custodial Agreement or any transactions contemplated herein, whether or not any such Indemnified Party is a party to any such action, proceeding, suit or the target of any such inquiry or investigation; provided, however, that no Indemnified Party shall have the right to be indemnified hereunder for any liability finally determined by a court of competent jurisdiction, subject to no further appeal, to have resulted solely from the gross negligence or willful misconduct of such Indemnified Party. Each Indemnified Party shall, in its sole discretion, have the right to select and employ separate counsel with respect to any action or claim brought or asserted against it, and the reasonable fees of such counsel shall be paid upon demand by the School District. The obligations of the School District under this Section 9 shall survive any termination of this Sales Tax Custodial Agreement and the resignation or removal of the Custodian.

Section 10. This Agreement may not be amended or supplemented except by written agreement executed by both the School District and the Custodian.

Section 11. This Agreement shall be governed by and construed in accordance with the laws of the State of Georgia, without regard to conflict of law principles.

Section 12. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which shall together constitute but one and the same instrument.

Section 13. This Agreement shall terminate when all Sales and Use Tax Proceeds have been distributed, unless otherwise terminated in writing by the parties hereto.

IN WITNESS WHEREOF, the School District has caused this Agreement to be executed by its duly authorized officers under seal and the Custodian has caused this Agreement to be executed by its duly authorized officer, all as of the date first above written.

COOK COUNTY SCHOOL DISTRICT

(SEAL)

By: _____
Chairman

Attest:

Secretary

REGIONS BANK

By: _____
Vice President