

Sample Escrow Agreement

(This document was utilized as a show of good faith to illustrate to the USDA that New Hartford would sign an Agreement between parties to guarantee the intention of sale proceeds as reflected in an accompanying presentation. Its acceptance is subject to legal review and approval by both parties. The financials shown below are subject to change.)

This Escrow Agreement by and between the Town of New Hartford, 530 Main Street, New Hartford, Connecticut, 06057 (Seller) and USDA Rural Development, 451 West Street, Suite #2, Amherst, Massachusetts 01002 (Overseer) and the Escrow Agent (legal Name), Located at [Address][City], [State] [Zip Code] is constituted on this (date).

This Escrow Agreement is entered into at the same time as the Seller and Aquarion Water Company, 385 Main Street, Bridgeport, Connecticut, 06604 the (Buyer) have entered into a separate stand alone Contract for Sale and Purchase of Real Property. This Escrow Agreement is hereby employed together with the Contract for Sale and Purchase of Real Estate Assets defined as the drinking water and wastewater properties and associated appurtenances to include wet wells, piping, manholes, mains, buildings, water tanks, pumps, and all associated operating equipment that provides for the management and operation of water and sewer services to the customer base of New Hartford's WPCA customers, to insure the disposition of the sale proceeds are executed as agreed between The Seller and USDA.

Whereas the USDA has granted relief from the repayment of all Grant monies previously accorded to The Seller, The Seller hereby agrees to the following provisions as it relates to the use of the proceeds from the sale the aforementioned assets:

- (1) Upon receipt of the sale proceeds at closing in the amount of eight million dollars (\$8,000,000) the seller shall reimburse the USDA for all outstanding principal for water and sewer loans outstanding in the amount of \$3,822,678 (needs to be adjusted to closing date).
- (2) The WPCA shall at the same time utilize \$74,750 of the proceeds to repay the balance of a loan of record between the WPCA and The Seller in full satisfaction of an interest free loan originated between the parties on (date).
- (3) The balance of all remaining sale proceeds will be used to secure engineering design services, construction, contingencies, and sewer and water customer subsidies and user connection fee assistance in the expansion of the current working sewer into the Pine Meadow district of New Hartford, as generally defined in the CDM Sewer Expansion Study dated July, 16, 2016 as submitted to DEEP and referenced as the Pine Meadow Sewer Project, Option #2.

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(4) Further, The Seller warrants that all sale proceeds including any interest that may accrue to any portion of the sale proceeds will be utilized exclusively to design, build, and support user costs for service and connection assistance until there is a zero fund balance.

(5) The appointed escrow agent shall release funds to the Seller for the above stated purposes upon request.

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Working Draft