

## DEBT SERVICE RESERVE GUARANTY AGREEMENT

DEBT SERVICE RESERVE GUARANTY AGREEMENT, dated October \_\_, 2022 (this "Agreement"), by and among Hancock Whitney Bank (the "Purchaser") and the City of Pascagoula, Mississippi (the "City") and LaFont Inn, LLC ("LaFont"), Michael Gentry Williams ("Williams") and Morris G. Strickland ("Strickland" and, together with LaFont and Williams, the "Guarantors").

WHEREAS, the City issued its \$696,770 Taxable Tax Increment Limited Obligation Bond, Series 2022 (LaFont Inn Redevelopment Project") (the "Bond") dated \_\_\_\_\_, 2022, under the authority of that certain bond resolution of the City adopted \_\_\_\_\_, 2022 (the "Bond Resolution") the proceeds of which are to be used to fund a debt service reserve fund, reimburse LaFont for a portion of the costs incurred in connection with the Redevelopment Project, and to pay the cost of issuance of the Bond; and

WHEREAS, the Bond Resolution established the City of Pascagoula, Mississippi Taxable Tax Increment Limited Obligation Bonds, Series 2022 (LaFont Inn Redevelopment Project) Reserve Fund (the "Reserve Fund") with the Hancock Whitney Bank, in its capacity as paying agent for the Bonds (the "Paying Agent"), to further secure, together with the Tax Increment, the payment of principal and interest on the Bonds into which the City has placed and will maintain, as required by the Purchaser, an amount equal to [\$77,000] (the "Reserve Requirement") from the proceeds of the Bond; and

WHEREAS, Williams, and Strickland will benefit from the reimbursement to LaFont by virtue of their direct or indirect ownership therein; and

WHEREAS, Purchaser would not purchase the Bond but for the Guarantors' entering into this Agreement for the benefit of the Purchaser.

NOW THEREFORE, in consideration of the premises and in order to induce the Purchaser to purchase the Bond, and for good and valuable consideration the receipt and adequacy of which are hereby acknowledged, the Guarantors jointly and severally agree with the Purchaser as follows:

1. Capitalized terms used and not otherwise defined herein have the meanings assigned to such terms in the Bond Resolution.
2. Lafont makes the following representations:
  - a) It is a limited liability company duly organized and validly existing under the laws of the State of Mississippi (the "State") and is in good standing therein, has power to enter into this Agreement and by the proper action has duly authorized the execution and delivery of this Agreement, and this Agreement is valid and legally binding and enforceable in accordance with its terms;

- b) It is not in violation of any provision of its Articles of Organization and Operating Agreement or any laws in any manner material to its ability to perform its obligations under this Agreement, has power to enter into this Agreement;
  - c) To the best of its knowledge, neither the execution and delivery of this Agreement, the consummation of the transactions contemplated hereby or thereby, nor the fulfillment of or compliance with the terms and conditions of this Agreement, conflicts with or results in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which Lafont now a party or by which it, or any of its property, is bound, or constitutes a default under any of the foregoing, or results in the creation or imposition of any impermissible lien, charge or encumbrance whatsoever upon any of the property or assets of Lafont under the terms of any instrument or agreement; and
  - d) There are no pending, or to the knowledge of Lafont, threatened actions or proceedings before any court or administrative agency which are likely in any case or in the aggregate to materially or adversely affect the financial condition or business or operations of Lafont, nor is Lafont aware of any facts or circumstances that would give rise to any such actions or proceedings.
3. For so long as the Bond or any portion thereof is outstanding, at any time or times when funds are transferred out of the Reserve Fund by the Paying Agent pursuant to Section 13 of the Bond Resolution or the balance in the Reserve Fund otherwise drops below the Reserve Requirement, the Guarantors absolutely and unconditionally agree to punctually pay to the Paying Agent for placement into the Reserve Fund the amount necessary to bring the balance of the Reserve Fund up to the Reserve Requirement within 30 days of receipt of notice thereof from the Paying Agent. If the Guarantors fail to replenish the Reserve Requirement within said time period, the Paying Agent shall give the City written notice of such failure, and the City shall use the Tax Increment Surplus subsequently received to replenish the Reserve Requirement pursuant to Section 13 of the Bond Resolution, then the Guarantors shall immediately owe and reimburse the City an amount equal to the amount required to replenish the Reserve Requirement. Notwithstanding anything to the contrary herein, the Guarantors' obligation to reimburse the City shall survive the termination of this Agreement and the final maturity of the Bonds. Purchaser is not required to exhaust its remedies against the City or anyone else before enforcing this Agreement against Guarantors.
4. For as long as the Bond or any portion thereof is outstanding, the Guarantors covenant not to seek or support, either directly or indirectly through any other person or entity, a reduction in the tax assessment of all or any portion of the TIF District or any abatement of ad valorem or sales tax with respect to all or any portion of the TIF District.

The obligation of the Guarantors to pay all amounts due, including any amounts owed to the City, under this Agreement shall be absolute and unconditional, and joint and several, obligation of the Guarantors and will be paid or performed strictly in accordance with this Agreement.

5. Notices to the Guarantors and to the City shall be sent by first class mail or overnight delivery to the following addresses (or such other address as a Guarantor or City may deliver in writing to the Purchaser/Paying Agent) and shall be deemed received upon mailing or upon delivery to the overnight courier, as the case may be. If an email address is provided, notice via email is sufficient notice and shall be deemed received when sent.

LaFont Inn, LLC  
2703 Denny Avenue  
Pascagoula, MS 39567  
Email: Rcwms001@gmail.com

Morris G. Strickland  
794 Destiny Plantation Blvd.  
Biloxi, MS 39532  
Email:

Michael G. Williams  
820 Grant Avenue  
Pascagoula, MS 39567  
Email:

City of Pascagoula, Mississippi  
Attn: City Manager  
603 Watts Avenue  
Pascagoula, MS 39568

6. Guarantors will pay any and all reasonable expenses incurred by Purchaser and the City in enforcing any of their rights under this Agreement. Without limiting the foregoing, whenever any attorney is used by the Purchaser or the City to obtain payment hereunder, to enforce this Agreement, to adjudicate the rights of the parties hereunder, or to advise the Purchaser or the City of its rights, the Purchaser or the City shall be entitled to recover from the Guarantors reasonable attorneys' fees, all court costs, and expenses attributable thereto.
7. Any delay, failure, omission, or lack on the part of the Purchaser or the City to enforce, assert, or exercise any provision or take any action pursuant to the Bond or the Bond Resolution, including any right, power or remedy conferred on Purchaser or the City in the Bond or the Bond Resolution, or any action on the part of Purchaser or the City in granting indulgence or extension in any form to the City, the Purchaser, or the Guarantors or any of them, shall not operate as a waiver of Purchaser's or City's ability to exercise all of its rights.

8. This Agreement is binding on all heirs, executors, personal representatives, administrators, assigns and successors of the parties.
9. Purchaser may, without notice to the Guarantors, assign the Bond, in whole or in part, and each successive assignee of the Bond so assigned may enforce this Agreement for its own benefit with respect to the Bond, or portion thereof, so assigned. If any person other than Purchaser shall become a holder of the Bond, or portion thereof, the reference to the Purchaser shall be construed to refer to each such holder.
10. To the extent permitted by law, each Guarantor gives Purchaser and the City the right to set-off any of his or its accounts or property which may be in Purchaser's possession against any amount owed under this Agreement. This right of set-off does not apply to any Keogh account, IRA, or similar tax deferred deposit. This right is in addition to all other available remedies under applicable law.
11. If any one or more of the agreements, provisions or terms of this Agreement shall be for any reason whatsoever held invalid by a court of competent jurisdiction, then such agreements, provisions or terms shall be deemed severable from the remaining agreements, provisions or terms of this Agreement and shall in no way affect the validity or enforceability of the other provisions of this Agreement.
12. This Agreement contains the entire understanding and agreement of the parties pertaining to the subject matter hereof, and no prior understanding or obligation not expressly set forth herein will be binding on the parties. In addition, no amendment or modification hereof will be effective unless made in writing and executed by the Guarantors and consented to in writing by the Purchaser and the City.
13. This Agreement will be terminated with respect to the upon satisfaction of either of the (1) (1) provision is made for a substitute Guarantor that is acceptable to the Purchaser and the City; or (2) the Bonds have been paid in full.
14. This Agreement may be executed in counterparts, each of which alone and all of which together shall be deemed one original Agreement.
15. This Agreement and the rights and obligations of the parties to this Agreement shall be governed by and construed and interpreted in accordance with the laws of the State.

*[This space intentionally left blank.]*

**IN WITNESS WHEREOF**, intending to be legally bound thereby, each of the individual Guarantors has executed and delivered this Agreement, and in the case of LaFont and the Purchaser, has caused this Agreement to be duly executed and delivered by its duly authorized officer.

**LaFONT INN, LLC**

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

**ACKNOWLEDGEMENT**

**STATE OF** \_\_\_\_\_

**COUNTY OF** \_\_\_\_\_

Personally appeared before me, the undersigned authority in and for the said county and state, on this \_\_\_\_ day of \_\_\_\_\_, 2022, within my jurisdiction, the within named \_\_\_\_\_ who acknowledged that he/they are the \_\_\_\_\_ of Lafont Inn, LLC, and that he/they are authorized to sign for and on behalf of said limited liability company and as its act and deed, executed the above and foregoing instrument, after first having been duly authorized so to do.

\_\_\_\_\_  
Notary Public

My Commission Expires:

\_\_\_\_\_  
[SEAL]

**MICHAEL GENTRY WILLIAMS**

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**ACKNOWLEDGMENT**

**STATE OF** \_\_\_\_\_

**COUNTY OF** \_\_\_\_\_

Personally appeared before me, the undersigned authority in and for the said county and state, on this \_\_\_\_\_ day of \_\_\_\_\_, 2022, within my jurisdiction, the within named, \_\_\_\_\_, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed in the above and foregoing instrument and acknowledged that he/she executed the same in his/her representative capacity, and that by his/her signature on the instrument, and as the act and deed of the entity upon behalf of which he/she acted, executed the above and foregoing instrument, after first having been duly authorized so to do.

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**NOTARY PUBLIC**

My Commission Expires:

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[S E A L]

**MORRIS G. STRICKLAND**

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**ACKNOWLEDGMENT**

**STATE OF** \_\_\_\_\_

**COUNTY OF** \_\_\_\_\_

Personally appeared before me, the undersigned authority in and for the said county and state, on this \_\_\_\_\_ day of \_\_\_\_\_, 2022, within my jurisdiction, the within named, \_\_\_\_\_, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed in the above and foregoing instrument and acknowledged that he/she executed the same in his/her representative capacity, and that by his/her signature on the instrument, and as the act and deed of the entity upon behalf of which he/she acted, executed the above and foregoing instrument, after first having been duly authorized so to do.

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**NOTARY PUBLIC**

My Commission Expires:

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[S E A L]

**HANCOCK WHITNEY BANK**

By: \_\_\_\_\_  
Brent Fairley  
Sr. Vice President and Market President

**ACKNOWLEDGMENT**

**STATE OF** \_\_\_\_\_

**COUNTY OF** \_\_\_\_\_

Personally appeared before me, the undersigned authority in and for the said county and state, on this \_\_\_\_\_ day of \_\_\_\_\_, 2022, within my jurisdiction, the within named, \_\_\_\_\_, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed in the above and foregoing instrument and acknowledged that he/she executed the same in his/her representative capacity, and that by his/her signature on the instrument, and as the act and deed of the entity upon behalf of which he/she acted, executed the above and foregoing instrument, after first having been duly authorized so to do.

\_\_\_\_\_  
NOTARY PUBLIC

My Commission Expires:  
\_\_\_\_\_

[S E A L]



Attest:

**CITY OF PASCAGOULA, MISSISSIPPI**

\_\_\_\_\_

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

City Clerk

Mayor

**ACKNOWLEDGMENT**

**STATE OF MISSISSIPPI**

**COUNTY OF \_\_\_\_\_**

Personally appeared before me, the undersigned authority in and for the said county and state, on this \_\_\_\_ day of \_\_\_\_\_, 2021, within my jurisdiction, the within named Jay Willis and Karen Kennedy, who acknowledged they are the Mayor and City Clerk, respectively, of the City of Pascagoula, Mississippi, and that for and on behalf of said City and as its act and deed, they executed the above and foregoing instrument, after first having been duly authorized so to do.

\_\_\_\_\_

Notary Public

My Commission Expires:

\_\_\_\_\_

[SEAL]