



September 16, 2022

Mayor and City Council
City of Pascagoula, Mississippi

Re: \$696,000 City of Pascagoula, Mississippi Taxable Tax Increment Limited
Obligation Bond, Series 2022 (LaFont Inn Redevelopment Project)

Gentlemen:

Please accept this letter as a commitment (the "Commitment") of the undersigned, Hancock Whitney Bank, Gulfport, MS, to purchase the above captioned Bond upon the general terms and conditions outlined below. Complete terms and conditions consistent with this letter, together with other customary terms and conditions, are to be provided in a Bond Purchase Agreement to be entered into between Hancock Whitney Bank and you, prior to the issuance of the Bond.

Capitalized terms used herein have the meanings assigned to those terms in the resolution of the City providing for the issuance of the Bond adopted May 18, 2021 (the "Bond Resolution").

Issuer: City of Pascagoula, Mississippi (the "City").

Purchaser: Hancock Whitney Bank, Gulfport, Mississippi (the "Purchaser").

Developer: LaFont Inn, LLC, a Mississippi limited liability company.

Guarantors: The Developer and Morris G. Strickland and Michael G. Williams, individually

Amount: Up to \$696,000.

Reserve Fund: \$77,000 to be funded at Closing from Bond proceeds.

TIF District: those certain tax parcels defined as "District Property" or the "TIF District" under that certain Tax Increment Financing Plan, La Font Inn Redevelopment Project, City of Pascagoula, Mississippi, August 2011, adopted by the City on August 2, 2011, as follows: 41702984.110 (Hardee's); 41742001.000 (LaFont Inn LLC); 41742002.000 (KJK Investments LLC); 41742003.000 (WWT Enterprises); 41742004.000 (WWT Enterprises); 4172005.000 (WWT Enterprises).

Purpose of Issue: Proceeds of the Bond will be used to provide funds to the City (i) to reimburse the Developer for the costs of constructing certain infrastructure improvements within the TIF District pursuant to that certain Development and Reimbursement Agreement between the City and the

Developer dated as of August 5, 2014; (ii) to fund a Reserve Fund; and (iii) to pay costs of issuance of the Bond.

Authority for Issue: Sections 21-45-1 *et seq.*, Mississippi Code of 1972, as amended, and such other constitutional and statutory authority as may apply.

City's Obligation and Security: The Bond shall be a special obligation of the City, payable solely from and secured by a pledge of the Tax Increment and the funds created pursuant to the Bond Resolution, including without limitation the Reserve Fund.

Guarantors' Obligation and Security: For so long as the Bond is outstanding, the Guarantors (i) will be unconditionally and jointly and severally obligated to make payments to replenish the Reserve Fund to its original funding level of \$77,000 within 30 days of a draw thereon or any event causing its balance to fall below \$77,000; and (ii) will 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.

City's Reporting Obligations: The City will provide the following Certificates to the Purchaser annually:

1. Certificate of Clerk. At Closing and by March 31 of each year, the City will provide the certificate of its municipal clerk or of the Jackson County chancery clerk of the then "current assessed value" and the "captured assessed value" of the real and personal property within the TIF District, as described in Miss. Code Ann. §21-45-21(2) and (3).
2. Certificate of State Tax Commission. At Closing and by May 31 of each year thereafter, the City will provide its most recent sales tax diversion certificate of the State Tax Commission certifying the sales tax collected within the TIF District, as described in Miss. Code Ann. §21-45-21(4). If the City has not received the sales tax certificate by May 31 of any year, it will provide the certificate within five business days of receipt.

Additional Covenants of City: The Bond Purchase Agreement will include City covenants and representations and warranties that are usual and customary for this type of financing.

Date of Issuance: October 14, 2022, or such later date as the parties may agree.

Maturity Schedule, Interest Rates & Payments: The Bond shall be payable based on a 15-year amortization schedule with a final maturity date of 15 years from the Date of Issuance at which time all outstanding principal and interest will be due. The interest rate will be a fixed rate of 7.07% if closed on or before October 14, 2022. Said interest, calculated on the basis of a 30-day month and a 360-day year, will be payable semi-annually beginning April 25, 2023, continuing until such Bond has matured, or been called, and paid in full. Principal will be payable annually on each October 25th, beginning October 25th, 2023. The Bond will be subject to optional redemption prior to maturity, either in whole or in part, at par, plus accrued interest to the date of redemption on any interest payment date.

Paying Agent: Hancock Whitney Bank, Jackson, Mississippi.

Role of Purchaser: The Purchaser and its representatives are not registered municipal advisors and do not provide advice to municipal entities or obligated persons with respect to municipal financial products or the issuance of municipal securities (including regarding the structure, timing, terms and similar matters concerning municipal financial products or municipal securities issuances) or engage in the solicitation of municipal entities or obligated persons for the provision by non-affiliated persons of municipal advisory services and/or investment advisory services. With respect to this Commitment and any other information, materials or communications provided by the Purchaser: (a) the Purchaser and its representatives are not recommending an action to any municipal entity or obligated person; (b) the Purchaser and its representatives are not acting as an advisor to any municipal entity or obligated person and do not owe a fiduciary duty pursuant to Section 15B of the Securities Exchange Act of 1934 to any municipal entity or obligated person with respect to this Commitment, information, materials or communications; (c) the Purchaser and its representatives are acting for their own interests; and (d) the City has been informed that the City should discuss this Commitment and any such other information, materials or communications with any and all internal and external advisors and experts that the City deems appropriate before acting on this Commitment or any such other information, materials or communications.

Legal Matters: The City shall provide the following opinions addressed to the Purchaser, subject to customary exceptions acceptable to Purchaser and its counsel:

1. an opinion of counsel to the City in form and substance satisfactory to the Purchaser and its counsel in all respects, which shall include opinions to the effect that (a) the City has the authority under the laws of the State of Mississippi to issue the Bond and execute and deliver the agreements to be delivered by the City at Closing (the "Bond Documents"), (b) that the Bond has been duly issued and each of the Bond and the Bond Documents to which the City is a party has been duly authorized, executed and delivered by the City, and (c) that each of the Bond and the other Bond Documents to which the City is a party is a valid and binding obligation of the City, duly enforceable in accordance with its terms.
2. an opinion of counsel to the Guarantors in form and substance satisfactory to the Purchaser and its counsel in all respects, which shall include opinions to the effect that (a) each of the Guarantors has the authority under the laws of the State of Mississippi to execute and deliver the Guaranty, (b) that the Guaranty has been duly authorized, executed and delivered by each Guarantor, and (c) that the Guaranty is a valid and binding joint and several obligation of the Guarantors, duly enforceable in accordance with its terms.
3. an opinion of bond counsel in form and substance satisfactory to the Purchaser and its counsel covering the matters set forth in sub-paragraph 1 above and to the effect that interest on the Bond is excluded from gross income for State income tax purposes.

The City shall also provide resolutions of its governing body and certificates of officers of the City that are usual and customary for financing of this nature, including (i) a resolution of the City including a factual finding verifying the parcels included within the TIF District and committing to spread the Bond upon the official minutes post-closing; and (ii) a certificate of the City that the

resolutions adopted pre-closing authorizing the documents to which the City is a party have been spread upon its official minutes.

The Bond will be validated by the Chancery Court of Jackson County, Mississippi.

Disclaimer: This Commitment describes some of the basic terms and conditions proposed to be included in the documents between the Purchaser, the City and the Developer. This Commitment does not purport to summarize all the conditions, covenants, representations, warranties, assignments, events of default, cross default, acceleration events, remedies or other provisions that may be contained in documents required to consummate this financing.

All documentation will need to be acceptable to the Purchaser and its counsel prior to closing.

U.S. Patriot Act: The Developer represents and warrants to the Purchaser that neither it nor any of its principals, shareholders, members, partners, or Affiliates, as applicable, is a Person named as a Specially Designated National and Blocked Person (as defined in Presidential Executive Order 13224) and that it is not acting, directly or indirectly, for or on behalf of any such person. The Developer further represents and warrants to the Purchaser that the Developer and its principals, shareholders, members, partners, or Affiliates, as applicable, are not directly or indirectly, engaged in, nor facilitating, the transactions contemplated by this transaction on behalf of any Person named as a Specially Designated National and Blocked Person.

Confidentiality: The parties hereto acknowledge and agree that this Commitment and the information set forth herein is confidential and proprietary, and further agree to keep this Commitment and the information set forth herein CONFIDENTIAL prior to its acceptance by the City without the written consent of the Purchaser in each instance. Purchaser understands and agrees that the City may disclose this Commitment pursuant to its regular procedures to seek approval or ratification of the Commitment by the City's governing body and as otherwise required by law or regulation or its contractual continuing disclosure obligations or as a result of any legal or administrative proceeding.

Expiration: This commitment may be considered firm for a period not exceeding thirty (30) days from the date of this letter. After such date, terms, conditions and pricing may change based on prevailing market conditions and further discussion will be at Purchaser's sole discretion. We will work closely with the parties' financial advisors and legal counsel, and Bond Counsel, to effectuate a smooth closing, subject to all the terms and conditions hereof.

Yours very truly,

HANCOCK WHITNEY BANK

By:



Brent Fairley
Senior Vice President

The Developer signifies its acceptance of the terms and conditions contained in the above Commitment and agrees to reimburse Purchaser on demand for all out-of-pocket expenses incurred by Purchaser if the transaction fails to close for any reason. Such expense shall include, but not be limited to, legal expenses incurred by Purchaser.

LAFONT INN, LLC

By: _____

The City of Pascagoula signifies its acceptance of the terms and conditions contained in the above Commitment.

CITY OF PASCAGOULA, MISSISSIPPI

By: _____
Jay Willis, Mayor