

E S C R O W A G R E E M E N T

DATED as of the 1st day of November, 1980, but actually executed on the 20th day of November 1980, made by and between the COUNTY OF MESA, state of Colorado (the "County"), and THE FIRST NATIONAL BANK IN GRAND JUNCTION, Grand Junction, Colorado, a national bank duly organized and existing under the laws of the United States of America, being a member of the Federal Deposit Insurance Corporation, having full and complete trust powers, and having an office and place of business in the City of Grand Junction, Colorado (the "Bank").

W I T N E S S E T H :

WHEREAS, the City of Grand Junction, Colorado has heretofore duly authorized, sold, issued and delivered \$1,080,000 of its Sewer Refunding Revenue Bonds, Series 1978A, dated May 1, 1978 (herein the "1978 Issue"); and

WHEREAS, as of November 1, 1980, there remains outstanding of said 1978 Issue the full amount thereof, being bonds numbered 1 to 216, inclusive, bearing interest payable semiannually May 15 and November 15 each year, being numbered and maturing semiannually on May 15 and November 15 as follows:

<u>Bond Numbers (All Inclusive)</u>	<u>Interest Rate (Per Annum)</u>	<u>Amounts Maturing</u>	<u>Years Maturing</u>
1 - 8	6.125%	\$ 40,000	5/15/1991
9 - 46	6.125%	190,000	11/15/1991
-	-0-	-0-	5/15/1992
47	6.125%	5,000	11/15/1992
48	6.125%	5,000	5/15/1993
49	6.125%	5,000	11/15/1993
50	6.125%	5,000	5/15/1994
51	6.125%	5,000	11/15/1994
52	6.125%	5,000	5/15/1995
53	6.125%	5,000	11/15/1995
54	6.125%	5,000	5/15/1996
55	6.125%	5,000	11/15/1996
56	6.20%	5,000	5/15/1997
57	6.20%	5,000	11/15/1997
58	6.25%	5,000	5/15/1998
59	6.25%	5,000	11/15/1998
60	6.25%	5,000	5/15/1999
61	6.25%	5,000	11/15/1999
62	6.25%	5,000	5/15/2000
63 - 216	6.50%	770,000	5/15/2005

Bonds of this 1978A Issue maturing on May 15, 2005, being redeemable prior to maturity in the amount of \$5,000, or any multiple thereof, at the option of the City, on May 15, 2000, and

on any date thereafter, at par; bonds maturing May 15, 1991 to May 15, 2000, are not redeemable prior to maturity.

Principal and interest payable at the United States Bank in Grand Junction, Grand Junction, Colorado; and

WHEREAS, by a Resolution adopted and approved by the Board of County Commissioners of Mesa County, Colorado on the 12th day of November, 1980, the County has authorized the issuance of \$805,000 Sewer Refunding Revenue Bonds, Series 1980B, dated November 1, 1980, the net proceeds derived from the issuance thereof to be deposited by the County in a special trust account therein created and authorized, to be used, together with other funds, to refund and pay the outstanding 1978 Issue of the City described above; and

WHEREAS, said Resolution also provides that with the proceeds of the Series 1980B Bonds therein authorized, together with any interest derived from the investment and any temporary reinvestment of such proceeds in direct obligations of, or the principal and interest of which obligations are unconditionally guaranteed by, the United States of America (herein "federal securities"), the County shall pay in full the principal of and interest on the outstanding bonds of the outstanding Issue described above, in the manner hereinafter set forth;

NOW, THEREFORE, IT IS AGREED: that in consideration of the mutual covenants herein contained, and in order to secure the payment of the principal of and interest on the outstanding bonds of the 1978 Issue of the City, according to the schedule set forth herein, the parties hereto mutually undertake, promise and agree for themselves, their respective representatives, successors and assigns, as follows:

Section 1. The County shall deposit with the Bank in a special fund and separate trust account, designated as the "City of Grand Junction Sewer Refunding Revenue Bonds, Series 1978A, Refunding Escrow Account" (herein the Refunding Escrow Account" or "Escrow Account"), an amount not less than \$732,029.98, being the net proceeds less the deposit of \$21,011.76 in the O & M Expense Reserve Fund derived from the issuance of \$805,000 Sewer Refunding Revenue Bonds, Series 1980B, plus cash in the amount of \$ -0- plus \$ 80,000 of 8-1/4 5/15/05-00 U.S. Treasury Bonds held

as a "Sinking Fund" for the City's outstanding 1978 Issue in accordance with the Federal Securities Purchase Agreement dated May 11, 1978, between the City and Zions First National Bank of Salt Lake City, Utah.

The proceeds shall be used to purchase the securities listed in Exhibit A, attached hereto and made a part hereof, which shall be at all times at least sufficient to pay the interest on and principal of the outstanding Issue to be refunded and paid under and in accordance with the following schedule:

1978 Issue:

Bonds numbered 1 to 216, inclusive, maturing semiannually in the years 1991 to 2005, inclusive, shall be paid and retired at their respective maturity dates, according to their original terms, at the United States Bank of Grand Junction, Grand Junction, Colorado; provided, if the U.S. Treasury Department should call for redemption in the year 2000 or thereafter, the \$80,000 of 8 1/4 Treasury Bonds maturing May 15, 2005 and callable May 15, 2000 held in the Escrow Account, the Bank shall call a like amount of the City's outstanding bonds of the 1978 Issue.

Interest on the bonds of the 1978 Issue shall be paid as the same accrues, according to the original terms of said bonds, until said bonds mature.

At the time of the actual execution of this Agreement the Bank will immediately invest the funds on deposit in the Refunding Escrow Account in federal securities listed in Exhibit A, attached hereto and made a part hereof, and shall fully secure any cash balance in said account in the manner set forth in Section 3 and 7 of this Agreement.

The Bank shall receive \$ 6,000 for its services in connection with this Agreement. *ccu* *wB*

Section 2. If for any reason, at any time, the funds on hand in such Refunding Escrow Account shall be insufficient to meet such payments as the same shall be about to become due and payable, the County shall forthwith deposit in such Refunding Escrow Account any additional funds as may be required fully to meet the amount so about to become due and payable. Notice of such insufficiency shall be given as hereinafter provided, but the Bank shall in no manner be responsible for the County's failure to make such deposit.

Section 3. The Bank shall hold said special deposit, together with the obligations herein authorized to be purchased,

at all times in a special fund and separate trust account, wholly segregated from other funds and securities on deposit with it; shall never commingle such deposit or securities with other funds or securities of the Bank; shall never at any time use, loan or borrow the same in any way unless said funds are fully secured in the manner required by law for other trust funds; and shall invest and reinvest said deposit in federal securities in accordance with the directions set forth in Exhibit A so that sufficient funds will be available to pay the interest and principal requirements of the outstanding bonds as the same accrue and become due and payable from time to time according to the schedule hereinabove set forth. As each investment shall be called or redeemed, any reinvestment of these funds by the Bank shall be specifically requested by the County and such reinvestment instruction shall be accompanied by an opinion from nationally recognized bond counsel stating such reinvestment will not cause said Refunding Bonds to be arbitrage bonds within the meaning of Section 103(c) of the Internal Revenue Code of 1954, as amended, and the Regulations proposed and in effect thereunder. Nothing herein contained shall be construed as requiring the Bank to keep the identical moneys, or any part thereof, received for the County's account, on hand, but moneys of an equal amount, except to the extent that such are represented by federal securities must always be maintained on hand as funds held by the Bank as trustee, belonging to the County, and a special account thereof evidencing such fact shall at all times be maintained on the books of the Bank, together with such securities so purchased.

Section 4. The Bank shall from time to time redeem all or a portion of the federal securities in said Refunding Escrow Account, in sufficient amounts so that the proceeds therefrom and the interest thereon, as the same accrues, will be sufficient to meet the interest requirements on the outstanding Issue as such interest accrues, and to pay or call in and redeem said bonds at their respective maturities according to the schedule hereinabove set forth.

Section 5. In order to provide for the timely reinvestment of available moneys or the exchange of investments in the Refunding Escrow Account, and to restrict the reinvestment yield

on such exchanges or reinvestments to allowable amounts (the yield on the Refunding Bonds), the Bank agrees to acquire any such investment or reinvestments from Boettcher & Company, its successors and assigns, on any such exchange or reinvestments.

Section 6. The Bank shall maintain said Refunding Escrow Account until the date upon which said bonds are fully redeemed and paid as to both principal and interest, or until the 15th day of May, 2005, whichever is the earlier date, whereupon the Bank shall redeem any of such obligations remaining in said Refunding Escrow Account and remit any remaining funds to the County, provided that before such remittance is made to the County, sufficient funds must have been deposited with the paying agent and to pay the principal of and accrued interest on all of the bonds which remain outstanding on such date.

Section 7. The Bank shall continuously secure the moneys in such Refunding Account not so invested, if any, by federal securities in an amount at all times at least equal to the total unexpended amount of said moneys.

Section 8. The Bank shall not be liable or responsible for any loss resulting from any investment made pursuant to this Escrow Agreement and in full compliance with the provisions thereof.

Section 9. In the event of the Bank's failure to account for any funds or securities received by it for the County's account, the said funds and obligations shall be and remain the property of the County, and if for any reason such funds or securities cannot be identified, all other assets of the Bank shall be impressed with a trust for the amount thereof, and the County shall be entitled to the preferred claim upon such assets enjoyed by a trust beneficiary.

Section 10. The Bank shall forward to the United States Bank of Grand Junction, Grand Junction, Colorado, paying agent for the 1978 Issue, sums which shall be sufficient to pay the interest and principal, when necessary, as they become due on each interest and principal payment date for the outstanding bonds of said Issue to be paid and refunded.

The amounts so forwarded shall be in sufficient time to permit such payments on each principal and interest payment date without default. Such forwarding shall be the duty of the Bank, such payment being the duty of the paying agent. It shall not be necessary for the County to take any affirmative action whatsoever as a condition precedent to the duty of the Bank to forward such funds at the necessary times.

Section 11. The Bank shall immediately notify the County by registered, first-class mail, postage prepaid, whenever for any reason the funds on hand in such Refunding Escrow Account, plus the securities therein and interest on said securities as the same accrues, will be insufficient to pay the interest and principal of the 1978 Issue as the same become due and payable.

Section 12. In the event the Treasury Department should call for redemption in the year 2000 or thereafter, the \$80,000 8-1/4 Treasury Bonds maturing May 15, 2005, callable May 15, 2000 held in the Escrow Account, the Bank shall call a like number of the City's outstanding bonds of the 1978 Issue, and, not less than sixty, nor more than ninety days thereafter, shall cause to be published a Notice of Prior Redemption; such notice to be in accordance with state law. The notice shall also be sent by registered mail, not less than 30 days thereafter, to Boettcher & Company, Denver, Colorado, or its assigns.

Section 13. The Bank, during the month of January of each calendar year, commencing in the year 1982, so long as said Refunding Escrow Account is maintained, shall forward by letter to the County Treasurer of the County, a statement in detail of the income, investments, redemptions and withdrawals of money from said Refunding Escrow Account for the immediately preceding calendar year, including in said letter, a statement as of the end of the immediately preceding calendar year regarding the manner in which it has carried out the requirements of this Agreement. In addition, the County shall have the right at any time to examine all the Bank's records regarding the status of said Refunding Escrow Account, and the details of said income, investments, redemptions, or withdrawals.

Section 14. The Bank shall be under no obligation to inquire into or be in any way responsible for the performance or non-performance by the County, or the paying agents, or any of the County's or the paying agent's obligations, or to protect any of the County's rights under any bond ordinance or any of the County's other contracts with or franchises or privileges from any state, county, municipality or other governmental agency, or with any corporation or individual; and the Bank shall not be liable for any act done or step taken or omitted by it, or any mistake of fact or law, or for anything which it may do or refrain from doing, except for its negligence or its default in the performance of any obligation imposed upon it hereunder. The Bank shall not be responsible in any manner whatsoever for the recitals or statements contained herein, or in the outstanding or proposed bonds or any proceedings taken in connection therewith, but they are made solely by the County.

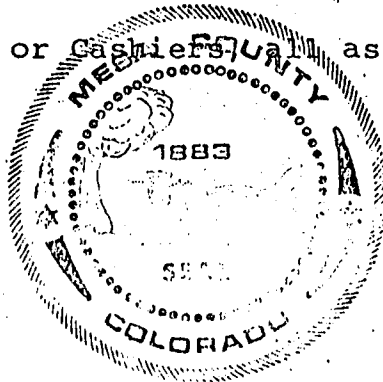
Section 15. Time shall be of the essence in the performance of obligations from time to time imposed upon the Bank by this Agreement.

IN WITNESS WHEREOF, the County of Mesa, State of Colorado, has caused this Agreement to be signed in its corporate name by the Chairman of the Board of County Commissioners, sealed with its corporate seal, attested by the County Clerk and countersigned by the County Treasurer; and the First National Bank in Grand Junction, Grand Junction, Colorado, has caused this Agreement to be signed in its corporate name by its President or one of its Vice Presidents, sealed with its corporate seal, and attested by its Trust Officer or Cashier, or one of its Assistant Trust Officers or Cashiers, as of the day and year first above written.

(S E A L)

ATTEST:

Earl Sawyer
County Clerk



COUNTY OF MESA,
STATE OF COLORADO

By: _____

COUNTERSIGNED:

By: *Lina M. Hanson*
County Treasurer

THE FIRST NATIONAL BANK IN
GRAND JUNCTION, Grand
Junction, Colorado

By: *Carl W. Bates*
Title: AVP & TO

(CORPORATE SEAL)

ATTEST:

Franklin G. Metzger
Title: Bank Officer

STATE OF COLORADO

COUNTY OF MESA

)
) ss.
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On this 20th day of November, 1980, before me appeared Rick Enstrom, Chairman of the Board of County Commissioners, Earl Sawyer, County Clerk, and Gena M. Harrison, County Treasurer, of the County of Mesa, State of Colorado; to me personally known, who being by me duly sworn did say that the foregoing instrument was signed and sealed in behalf of said County by authority of its County Commissioners; and that the said Rick Enstrom, Earl Sawyer and Gena M. Harrison, acknowledged said instrument to be the free act and deed of said County.

My commission expires: November 17 1981

WITNESS my hand and official seal the day and year first above written.

(S E A L)

Nancy Holt
Notary Public

STATE OF COLORADO
COUNTY OF MESA
CITY OF GRAND JUNCTION

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) ss.
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The foregoing instrument was acknowledged before me this 19th day of November, 1980, by Charles H. Bates, and by Markley G. Metzger, respectively, of the First National Bank in Grand Junction, Grand Junction, Colorado, and being first duly sworn by me, they severally acknowledged that they signed the foregoing document in their respective capacities therein set forth and declared that the statements therein contained are true and correct to the best of their knowledge, information and belief.

My commission expires: ... commission expires July 25, 1984

WITNESS my hand and official seal the day and year first above written.

(S E A L)

James N. Steelman
Notary Public

EXHIBIT "A"

(Insert List of Refunding Escrow Account Investments)

Schedule 1

Mesa County, Colorado
Sewer Improvement and Refunding
Revenue Bonds, Series 1980 A & B

List of US Treasury Securities
Used in Escrow

<u>Maturity</u>	<u>Par</u>	<u>Coupon</u>
State & Local Government Series, Issued 11/20/80: (Restricted Yield)		
Certificates of Indebtedness:		
5-15-81	\$ 1,400	9.78%
Bonds:		
11-15-91	129,800	9.78%
5-15-92	5,500	9.78%
5-15-05	595,300	9.78%
	<hr/>	
	\$732,000	
Open Market (From Sewer Portion City's Sinking Fund) (Unrestricted Yield):		
Bonds:		
5-15-05*	\$ 80,000	8.25%

*Callable 5-15-00