

## AMENDED AND RESTATED ESCROW AGREEMENT

This Amended and Restated Escrow Agreement is executed this 9<sup>th</sup> day of November, 2001, among the United States Department of the Interior (“Interior”) and the Colorado Water Resources and Power Development Authority (the “Authority”) (jointly known as the “Depositors”), and the State Treasurer of the State of Colorado (the “Treasurer”).

WHEREAS, the United States, the State of Colorado, the Ute Mountain Ute Tribe, the Southern Ute Indian Tribe, the Colorado Water Resources and Power Development Authority, the Animas-La Plata Water Conservancy District, the New Mexico Interstate Stream Commission, the San Juan Water Commission, and Montezuma County, Colorado, entered into an Agreement in Principle concerning the Colorado Ute Indian Water Rights Settlement and Binding Agreement for Animas-La Plata Project Cost Sharing (“Cost Sharing Agreement”) on June 30, 1986; and

WHEREAS, the Cost Sharing Agreement provided for the establishment of an escrow account upon the occurrence of certain conditions precedent, to be funded by the Authority and drawn upon by the Secretary of Interior (“Secretary”) to defray a portion of the construction costs of certain facilities of the Animas-La Plata Project, in fulfillment of the State of Colorado’s obligations under the Cost Sharing Agreement; and

WHEREAS, on November 10, 1989, the United States and the Authority entered into an Agreement and Instructions for Administering Escrow Account, and the United States, the Authority, and the Colorado State Treasurer entered into an Escrow Agreement (collectively, the “Escrow Agreements”), both agreements relating to the Escrow Account for the State of Colorado’s cost-sharing participation in the Animas-La Plata Project; and

WHEREAS, pursuant to the Escrow Agreements, the sum of \$29,948,432 was duly placed in escrow with the Colorado State Treasurer in order to fulfill the State of Colorado’s obligations pursuant to the Cost Sharing Agreement; and

WHEREAS, as a result of investment returns and interest, the Escrow Account has increased to \$42,400,000; and

WHEREAS, the construction of the Animas-La Plata Project has not occurred in the manner contemplated by the Cost Sharing Agreement and the Escrow Agreements, and Congress has provided new authority in Public Law 106-554 (the “2000 Amendments”) to construct a modified Animas-La Plata Project in order to effectuate the Colorado Ute Indian Water Rights Settlement; and

WHEREAS, the 2000 Amendments eliminate the requirement for cost sharing in the construction of the Animas-La Plata Project; and

WHEREAS, the 2000 Amendments provide for the construction of Project facilities to deliver certain municipal and industrial water allocated to the Animas- La Plata Water Conservancy

District, a political subdivision of the State of Colorado, and allow the payment of the water capital obligations attributable to such allocation prior to initiation of construction of the Project; and

WHEREAS, the Authority is authorized by §§37-95-101, et. seq., C.R.S., and by Resolution of the General Assembly of the State of Colorado, Senate Joint Resolution 6, 1982 Session Laws 702, to consider financing or participating in the financing of the Animas-La Plata Project including contracting with any person or governmental agency for the construction and/or the sale of the output of the Animas-La Plata Project; and

WHEREAS, the Authority and the Animas-La Plata Water Conservancy District have entered into an Agreement in Principle, contemporaneously herewith, pursuant to which the Authority has acquired by assignment from the Animas-La Plata Water Conservancy District its interest in the 2,600 acre-feet of municipal and industrial water depletions allocated to the Animas-La Plata Water Conservancy District by the 2000 Amendments, and intends to fund the reimbursable share of construction costs allocated to such water, and to market and sell such water in conjunction with the Animas-La Plata Water Conservancy District; and

WHEREAS, Interior and the Authority have entered into an Amended and Restated Agreement and Instructions for Administering Escrow Account pursuant to which they have agreed to amendments to the Escrow Account and its administration in order to address the changes to the Animas-La Plata Project described above; and

WHEREAS, pursuant to the Escrow Agreement between the parties dated November 10, 1989, the Agreement may be amended by a written instrument executed by the Depositors and the Treasurer, and the Treasurer's consent to amend the Agreement shall not be unreasonably withheld when it is requested by the Depositors;

NOW THEREFORE, the parties hereto agree as follows:

1. Adjustment of Escrow Deposit: The sum of \$35,143,250 currently on deposit in the escrow account shall be and hereby is released from the existing escrow account and shall be delivered to the Authority. The sum of \$7,256,750 shall remain in the escrow account. The foregoing sum shall hereinafter be referred to as the "Escrowed Property."

2. Instructions: The Treasurer shall hold and disperse the Escrowed Property in accordance with the instructions set forth on the attached Schedule A, which is incorporated into and made a part of this Agreement by this reference. To assist the Treasurer in performing his function, the Authority will provide to the Treasurer prior to the beginning of each fiscal year an estimate of the maximum allowable draw by Interior on the account during that fiscal year. Such estimates may be changed from time to time. The Treasurer will be informed of changes.

3. Investment of Funds: Any cash deposited pursuant to the terms of this Agreement shall be invested by the Treasurer, in accordance with the written direction of the Authority. Such investments may be in any investment authorized pursuant to Schedule A. The Authority shall

provide the Treasurer with an overall investment plan for management of the funds. Such plan may be changed from time to time at the sole discretion of the Authority, and the Authority's specific investment decisions may vary from the plan. The Treasurer will provide the Depositors a monthly statement of the account showing cash on deposit and investments. The statement will be issued on the regular schedule for such statements of the Treasurer's office.

4. Late Payment or Performance: Subject to Schedule A, which shall control in case of conflict, the Treasurer may accept any payment or performance called for under this Agreement after the date such payment or performance is due, unless subsequent to such a date, but prior to the actual date of payment or performance, the Treasurer is instructed in writing by a Depositor not to accept such payment or performance.

5. Waivers: The failure of any party to the Agreement at any time or times to require performance to any provision under this Agreement shall in no manner affect the right at a later time to enforce the same performance. A waiver by any party to the Agreement of any such condition or breach of any term, covenant, representation or warranty contained in this Agreement, in any one or more instances, shall neither be construed as a further or continuing waiver of any such condition or breach nor a waiver of any other condition or a breach of any other term, covenant, representation or warranty contained in this Agreement.

6. Termination: Termination shall be in accordance with Schedule A. In addition to and notwithstanding the provisions of Schedule A, the parties hereby agree that the Treasurer shall upon receipt of the certification of the Attorney General of the State of Colorado and a Resolution duly passed by the Board of Directors of the Colorado Water Resources and Power Development Authority, delivered by certified mail to the Treasurer with copies to the Depositors, that the Amended Agreement and Instructions for Administering Escrow Account between the United States Department of the Interior and the Colorado Water Resources and Power Development Authority, Animas-La Plata Project Colorado and New Mexico (Schedule A) is terminated, return all remaining Escrowed Property, including any interest or earnings thereon, to the Colorado Water Resources and Power Development Authority or its successors or assigns, after which this Agreement shall be deemed terminated.

7. Extension of Benefits: All of the terms of this Agreement shall be binding upon, and shall inure to the benefit of and be enforceable by the respective successors and assigns of all of the parties to the Agreement.

8. Counterparts: This Agreement may be executed in several counterparts, each of which when executed shall be deemed to an original, and all of which counterparts shall together constitute one and the same instrument.

9. Amendment: This Amendment may be amended, modified, superseded, rescinded, or canceled only by a written instrument executed by the Depositors and the Treasurer. The Treasurer shall not unreasonably withhold consent to amend when it is requested by the Depositors.

10. Governing Law: This Agreement shall be construed and enforced in accordance with the laws of the State of Colorado and the United States.

11. Notices: All notices, requests, demands, or other communications required under this Agreement shall be in writing and shall be deemed to have been duly given if personally delivered or mailed by certified mail with return receipt requested and postage prepaid. If any notice is mailed, it shall be deemed given upon the date such notice is deposited in the United States mail. If any notice is personally delivered, it shall be deemed given upon the date of such delivery.

If notice is given to the Depositors it shall be addressed to:

Executive Director  
Colorado Water Resources and Power Development Authority  
1580 Logan Street, Suite 620  
Denver, Colorado 80203-1943

Regional Director  
Department of the Interior, Bureau of Reclamation  
125 South State Street, Room 6107  
Salt Lake City, Utah 84138-1102

If notice is given to the Treasurer it shall be addressed to:

The State Treasurer of the State of Colorado  
140 State Capitol  
Denver, Colorado 80203

Any change in the foregoing addresses shall be in writing and delivered to the other parties of this Agreement.

12. The Entire Agreement: This Amendment and Restatement of Escrow Agreement and the attached Schedule A sets forth the entire agreement and understanding of the parties supercedes, in full, the Escrow Agreement dated November 10, 1989, to this Agreement.

IN WITNESS WHEREOF, the parties of this Agreement have each caused this Agreement to be duly executed as of the date and year first above written.

**THE COLORADO WATER RESOURCES AND  
POWER DEVELOPMENT AUTHORITY**

By: James R. Shuf  
Chair

ATTEST:

Deanne Oberer  
Asst. Secretary

**THE UNITED STATES DEPARTMENT OF THE  
INTERIOR**

By: Rick J. Gold  
Regional Director, Bureau of Reclamation

ATTEST:

John L. [Signature]  
Office of the Solicitor

**STATE TREASURER, STATE OF COLORADO**

By: Mike Coffey