

**LUNA COUNTY, NEW MEXICO
TAXABLE CAPITAL OUTLAY GROSS RECEIPTS TAX REVENUE BONDS
SERIES 2007B**

ESCROW AGREEMENT

LUNA COUNTY, NEW MEXICO (the "Issuer"), and BOKF, NA DBA BANK OF ALBUQUERQUE, and its successors and assigns (the "Escrow Agent"), agree:

Section 1. Recitals.

A. The Luna County, New Mexico Taxable Capital Outlay Gross Receipts Tax Revenue Bonds, Series 2007B (the "Series 2007B Bonds") were issued pursuant to Issuer Ordinance Enactment No. 68 (the "Series 2007B Bond Legislation"). The Series 2007B Bonds are outstanding on the date hereof in the par amount of \$_____.

B. The Issuer is responsible for the payment of the Series 2007B Bonds.

C. Pursuant to, among other things, Section 25 of the Series 2007B Bond Legislation, amounts due under the Series 2007B Bonds are deemed to be paid within the meaning and with the effect expressed in the 2007B Bond Legislation if there shall have been deposited with a commercial bank located within or without the State of New Mexico and exercising trust powers ("Trust Bank") pursuant to an escrow agreement (the "Escrow Agreement") between the Issuer and the Trust Bank either moneys in an amount which shall be sufficient, or Federal Securities which shall not contain provisions permitting the redemption thereof at the option of the issuer, the principal of and the interest on which when due, and without any reinvestment thereof, will provide moneys which, together with the moneys, if any, deposited with or held by the Trust Bank at the same time, shall be sufficient to pay when due the principal of and interest due and to become due on bonds on and prior to

the redemption date or maturity date thereof, as the case may be, and there is furnished a report of an independent certified public accountant verifying the sufficiency of the moneys and Federal Securities to pay said Bond.

D. As defined in the Series 2007B Bond Legislation, the term Federal Securities means non-collectible direct obligations of, the United States of America (as used in this Escrow Agreement, "Federal Securities").

E. The Escrow Agent is a commercial bank exercising trust powers and a member of the Federal Deposit Insurance Corporation.

F. The Issuer has approved the issuance of \$6,175,000 aggregate principal amount of its Luna County, New Mexico Capital Outlay Gross Receipts Tax Refunding Revenue Bond, Series 2015 (the "Series 2015 Bonds") pursuant to Issuer Ordinance No. ____ and Resolution No. R-____ (collectively, the "Series 2015 Bond Legislation") to provide, together with certain other funds, the funds necessary to refund and redeem on the outstanding Series 2007B Bonds (the "Refunded Bonds").

G. A separate, distinct trust fund designated as the Luna County, New Mexico Capital Outlay Gross Receipts Tax Refunding Revenue Bonds, Series 2015 Escrow Fund (the "Escrow Fund") has been established pursuant to the Series 2015 Bond Legislation for the deposit of amounts and Federal Securities necessary to pay principal and interest when due on the Refunded Bonds. Pursuant to the Series 2007B Bond Legislation, the Escrow Fund is to be held by the Escrow Agent. In holding the Escrow Fund, the Escrow Agent is acting as agent for the Issuer.

H. The Refunded Bonds shall be called for redemption and shall be redeemed on _____, as shown on Schedule 1, and shall be paid from proceeds of the Series 2015 Bonds and earnings on the Federal Securities held in the Escrow Fund.

Section 2. Simultaneously with the execution and delivery of this Escrow Agreement (this "Agreement"), the Issuer shall deliver the Series 2015 Bonds to or for the benefit of the purchaser of the Series 2015 Bonds.

Section 3. All moneys described in this Section 3 shall constitute the "Escrowed Money" under this Agreement. The Escrowed Money (including earnings thereon) shall be used by the Escrow Agent or held and invested in the Escrow Fund by the Escrow Agent as set forth in Section 4. The Issuer shall deliver, or cause to be delivered, to the Escrow Agent, and does irrevocably assign to the Escrow Agent in trust, all of its right, title and interest in \$_____ of Series 2015 Bond Proceeds for deposit in the Escrow Fund.

Section 4. The Escrow Agent shall apply \$_____ of the Series 2015 Bond proceeds plus \$_____ of other funds of the Issuer for a total of \$_____ to purchase the Federal Securities described in Part A of Schedule 2 (the "Escrowed Securities") for deposit in the Escrow Fund. The Escrowed Securities are "Federal Securities" as defined in the Series 2007B Bond Legislation. The Escrowed Securities in the Escrow Fund are scheduled to mature at such times as shall ensure the prompt payment, in accordance with this Escrow Agreement, of the principal of and interest on the Refunded Bonds to be paid from funds held in the Escrow Fund. The Escrowed Securities do not permit the redemption thereof at the option of their issuer.

Based upon the report of Causey Demgen & Moore P.C. dated _____, 2015, upon which the Escrow Agent is permitted conclusively to rely, the Escrowed Securities and

the Escrowed Money in the Escrow Fund are sufficient to assure that the funds available in the Escrow Fund shall be sufficient for the prompt payment of the Refunded Bonds, all as set forth in this Escrow Agreement. If for any reason the moneys on deposit in the Escrow Fund are insufficient to purchase such Escrowed Securities or to make the required payments on the Refunded Bonds, the Issuer shall promptly deposit in the appropriate account additional Net Revenues (as defined in the Series 2015 Bond Legislation) required to pay the deficient amount. The Escrowed Money and Escrowed Securities in the Escrow Fund shall be held by the Escrow Agent.

Section 5. The Escrow Agent acknowledges receipt from the Issuer of the amount of \$_____ representing the Escrow Agent's fee and further acknowledges that the amount is and shall be the only payment due the Escrow Agent for its normal and customary services. The Escrow Agent reserves the right to charge the Issuer additional fees for any special services which it may be called upon to render, or in the event of a default.

Section 6. The Issuer irrevocably instructs the Registrar to mail, and the Registrar shall mail, by registered or certified first-class postage prepaid mail, notice of redemption to the NMFA at least 30 days prior to _____ (the "Series 2007B Redemption Date"). A form of the notice of redemption and for the Refunded Bonds shall be delivered to the Escrow Agent upon request. A form of the notice of defeasance for the Refunded Bonds shall be delivered to the Escrow Agent upon request.

Section 7. After the Escrow Agent has paid all amounts required by Section 1 of this Agreement and all other amounts required to be paid by this Agreement, any Escrowed Money and Escrowed Securities remaining in the Escrow Fund shall be transferred to the

Authority. The Issuer shall use any such funds only for purposes for which proceeds of the Series 2015 Bonds could have been used, including paying interest on the Series 2015 Bonds.

Section 8. Cash or non-callable Federal Securities may be substituted for the Escrowed Securities initially deposited into the Escrow Fund (the "Substituted Securities"), but only upon the receipt by the Escrow Agent of (i) a verification by an Independent Accountant (as defined in the Series 2007B Bond Legislation) of the sufficiency of the Federal Securities (assuming such substitution has been made) together with other Governmental Obligations and moneys held by the Escrow Agent for such purpose to provide for the payment of the Refunded Bonds and in accordance with the terms of this Agreement and (ii) an opinion of Bond Counsel (as defined in the Series 2015 Bond Legislation) to the effect that such substitution shall not adversely affect the tax-exempt status of interest on the Series 2015 Bonds.

Section 9. The holders of the Refunded Bonds shall have, and are granted, an express lien on all Escrowed Money, Escrowed Securities and Substituted Securities on deposit in the Escrow Fund in accordance with this Agreement until the Refunded Bonds are redeemed and paid in accordance with the Series 2007B Legislation, the Series 2015 Bond Legislation and this Agreement.

Section 10. The liability of the Escrow Agent to transfer funds for the payment of the principal of, and interest on the Refunded Bonds shall be limited to the amounts from time to time on deposit in the Escrow Fund. The Escrow Agent shall not have any liability for any insufficiency of funds from time to time held in the Escrow Fund or any failure of the obligors of Escrowed Securities or Substituted Securities to make timely payment thereon, except for its own negligence or misconduct. The recitals in this Agreement shall be taken as

the statements of the Issuer and shall not be considered as made by, or imposing any obligation or liability on the Escrow Agent. The Escrow Agent make no representation as to the value, conditions or sufficiency of the redemption of the Refunded Bonds, the Escrow Fund, the Escrowed Securities, the Substituted Securities or the income and proceeds thereof, or to the title of the Issuer thereto, or to the security afforded thereby and hereby, and the Escrow Agent shall not incur any liability or responsibility in respect of any such matters. The Escrow Agent shall not be liable for any action taken or neglected to be taken by it in good faith using reasonable care and believed by it to be within the discretion or power conferred upon it by this Agreement and the Escrow Agent shall not be answerable except for its own negligence or misconduct, nor for any loss resulting from any investment, sale, transfer, redemption or other disposition made pursuant to this Agreement in compliance with the provisions hereof, unless the same shall have been through its negligence or misconduct. Unless otherwise specifically provided in this Agreement, the Escrow Agent has no duty to determine or inquire into the happening or occurrence of any event or contingency, including but not limited to the redemption of the Refunded Bonds, the Escrow Agent's sole duty hereunder being to safeguard the Escrowed Money, the Escrowed Securities or the Substituted Securities and to dispose of and deliver the same in accordance with this Agreement and to perform its obligations under this Agreement. If, however, the Escrow Agent is called upon by the terms of this Agreement to perform any act or to determine the occurrence of any event or contingency, the Escrow Agent shall be obligated, in taking such action or making such determination, to exercise reasonable care and diligence. The Escrow Agent may request from the Issuer or any other person such reasonable additional evidence as the Escrow Agent, in its discretion, may deem necessary to determine any fact relating to the

occurrence of such event or contingency, and in this connection may make inquiries of and consult with and among others at any time. The Escrow Agent shall be entitled to rely on the opinion of attorneys nationally recognized on the subject of municipal bonds with regard to this Agreement and its performance under this Agreement. The Escrow Agent shall not have any lien or claim upon any of the Escrowed Money or Escrowed Securities for any purpose.

Section 11. The Issuer may, upon 30 days written notice to the Escrow Agent, remove the Escrow Agent initially appointed and any successor thereto and may appoint a successor or successors thereto. The Escrow Agent may, upon 30 days written notice to the Issuer, resign. However, such resignation or removal shall not take effect until a successor Escrow Agent is appointed and accepts its duties under this Agreement as Escrow Agent. If the Issuer does not name a successor Escrow Agent within 30 days of receipt of notice of the Escrow Agent's resignation, the Escrow Agent may petition a court of suitable jurisdiction to seek the immediate appointment of a successor Escrow Agent.

Section 12. No recourse shall be had for the payment of any amounts due under this Agreement against any officer, employee or official of the Issuer, past, present or future, or of any successor to the Issuer, as such, either directly or through the Issuer or any such successor, under any constitutional provision, statute or rule of law, or by the enforcement of any assessment or penalty or by any legal or equitable proceeding or otherwise. No officer, employee or official of the Issuer shall be personally liable under this Agreement. The Issuer shall have no obligation for payment required under this Agreement except from amounts held in the Escrow Fund and except for its obligation to provide additional Net Revenues as set forth in Section 4 and to pay any additional fees of the Escrow Agent as set forth in Section 5.

Section 13. This Agreement is irrevocable. This Agreement shall be strictly performed and enforced. Except for the purpose of curing any ambiguity in this Agreement or to make minor corrections not inconsistent with the terms of the Series 2007B Bond Legislation or the Series 2015 Bond Legislation or for further assuring the security and rights under this Agreement of the owners of the Refunded Bonds, this Agreement shall not be modified, altered or amended by the parties hereto without an opinion of Bond Counsel.

Section 14. This Agreement may be executed in one or more counterparts, all or any one of which shall be regarded for all purposes as one original agreement and shall constitute and be but one and the same instrument. Any party may execute this Agreement by executing any such counterpart.

Section 15. This Agreement shall be governed by and construed in accordance with the law of the State of New Mexico applicable to agreements made and to be performed in the State of New Mexico.

DATED: _____.

LUNA COUNTY, NEW MEXICO

By _____
Title _____

BOKF, NA DBA BANK OF ALBUQUERQUE,
AS ESCROW AGENT

By _____
Title _____

SCHEDULE 1

REFUNDED SERIES 2007B BOND PAYMENTS

<u>Interest Amount</u>	<u>Principal Amount</u>	<u>Payment Date</u>
-------------------------------	--------------------------------	----------------------------

SCHEDULE 2
ESCROWED SECURITIES

The securities described in the attachment to this Schedule 2 shall be deposited into the Escrow Fund: