

ORDINANCE NO. 18-119

AN ORDINANCE ADOPTING A PLAN FOR THE DEFEASANCE AND PAYMENT OF THE CITY OF COLORADO SPRINGS AIRPORT SYSTEM REVENUE REFUNDING BONDS, SERIES 2014, ISSUED BY THE CITY OF COLORADO SPRINGS, COLORADO, ACTING BY AND THROUGH ITS AIRPORT ENTERPRISE; AND AUTHORIZING AND APPROVING RELATED DOCUMENTS AND ACTIONS IN CONNECTION THEREWITH

WHEREAS, the City of Colorado Springs (the “City”), in the County of El Paso and the State of Colorado (the “State”), is a municipal corporation duly organized and existing as a home rule city under Article XX of the Constitution of the State and the home rule charter of the City (the “Charter”); and

WHEREAS, under the Charter, the City is possessed of all powers which are necessary, requisite or proper for the government and administration of its local and municipal affairs, all powers which are granted to home rule municipalities by the Colorado Constitution, and all rights and powers that now or hereafter may be granted to municipalities by the laws of the State; and

WHEREAS, the City owns and operates certain municipal airport facilities (the “Airport System”); and

WHEREAS, the Airport System is an “enterprise” as defined in Article X, Section 20 of the Constitution of the State and as defined in Section 7-90 of the Charter (the “Airport Enterprise”); and

WHEREAS, the City Council of the City (the “City Council”) also operates as the governing body of the Airport Enterprise; and

WHEREAS, the City, acting by and through its Airport Enterprise, previously issued its Airport System Revenue Refunding Bonds, Series 2014 (the “2014 Bonds”) in the initial principal amount of \$11,185,000, of which \$6,330,000 is expected to remain outstanding as of December 17, 2018, pursuant to Ordinance No. 92-116 (the “General Ordinance”), as supplemented by Ordinance No. 13-79 (the “Supplemental Ordinance” and together with the General Ordinance, the “2014 Bond Ordinance”), adopted by the City Council, acting as the governing body of the Airport Enterprise; and

WHEREAS, debt service requirements on the 2014 Bonds are payable at the principal corporate trust office of Wells Fargo Bank, National Association, in Denver, Colorado, as paying agent for the 2014 Bonds (the “2014 Paying Agent”); and

WHEREAS, the Airport Enterprise desires to defease the 2014 Bonds for the purposes of modifying or eliminating restrictive contractual limitations appertaining to the 2014 Bonds and the Airport System and reducing the net effective interest rate of the 2014 Bonds; and

WHEREAS, the Airport Enterprise has moneys legally available to it which will enable it to establish an escrow account with sufficient funds for the payment of the remaining principal of, and the interest on, the 2014 Bonds, as they become due; and

WHEREAS, the City has engaged George K. Baum & Company, as financial advisor for the City (the "Financial Advisor"), Kutak Rock LLP, as bond counsel for the City ("Bond Counsel"), and the City Attorney to work with the Airport Enterprise to develop a timetable and a plan for the defeasance and payment of the 2014 Bonds (the "Defeasance Plan"); and

WHEREAS, there has also been presented at this meeting a form of the Escrow Agreement, to be dated on or about December 17, 2018 (the "Escrow Agreement"), between the City, acting by and through the Airport Enterprise, and U.S. Bank National Association, as escrow agent (the "Escrow Agent") providing for the establishment of an escrow account, funded with moneys legally available to the Airport Enterprise, which moneys and the investments to be purchased with such moneys will provide for the defeasance and the payment in full of the 2014 Bonds as they become due; and

WHEREAS, the City Council, sitting as the governing body of the Airport Enterprise, wishes to approve the Defeasance Plan, to approve the form of the Escrow Agreement, and to authorize the appropriation of otherwise legally available moneys of the City for deposit into the escrow account pursuant to the Escrow Agreement, all to provide for the defeasance and payment in full of the 2014 Bonds; and

WHEREAS, the City Council, sitting as the governing body of the Airport Enterprise, has considered the Defeasance Plan, and has determined that it is in the best interests of the residents of the City that the Defeasance Plan be implemented without undue delay;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF COLORADO SPRINGS, COLORADO:

Section 1. Approval of Defeasance Plan Generally. The City Council, sitting as the governing body of the Airport Enterprise, hereby approves and authorizes the execution of the Defeasance Plan, along the approximate timetable presented at this meeting.

Section 2. Defeasance of the 2014 Bonds. The City Council, sitting as the governing body of the Airport Enterprise, hereby approves and authorizes the defeasance and payment in full of the 2014 Bonds, and authorizes and directs the Mayor, the City Clerk of the City, the Chief Financial Officer of the City and the Airport Director (together, the "Authorized Officials"), in conjunction with the Financial Advisor, Bond Counsel and the City Attorney (together, the "Associated Professionals"), to take action or to cause the 2014 Paying Agent to take action to accomplish such defeasance and payment in accordance with the 2014 Bond Ordinance.

Section 3. Approval of Escrow Agreement. The City Council, sitting as the governing body of the Airport Enterprise, hereby approves the Escrow Agreement, in substantially the form presented at this meeting, and authorizes and directs the Mayor to execute and deliver the Escrow Agreement for and on behalf of the Airport Enterprise, in substantially the form and with substantially the content as presented at this meeting, but with such changes, modifications,

additions and deletions therein as the City Attorney and the Authorized Official executing the Escrow Agreement shall deem necessary, desirable or appropriate (execution thereof to constitute conclusive evidence of the approval of any and all such changes, modifications, additions or deletions).

Section 4. Supplemental Appropriation; Deposit of Moneys into the Escrow Account.

(a) Ordinance No. 17-116 is hereby amended by increasing the Airport Bond Fund expenditure appropriation by \$2,251,021. The sources of funds are the Bond Reserve and the Bond Fund available fund balance. Additionally, Ordinance No. 17-116 is hereby amended by increasing the Airport Gross Revenue Fund expenditure appropriation by \$4,567,538. The sources of funds are the Renewal/Replacement fund and the Operating and Maintenance fund.

(b) The City Council, sitting as the governing body of the Airport Enterprise, hereby authorizes and directs the deposit of sufficient funds, in an amount not to exceed \$7,310,000, from the legally available funds of the Airport Enterprise, including the amounts described in this Section, into the escrow account established pursuant to the Escrow Agreement. The amount so deposited shall at all times be at least sufficient to pay the principal of and interest on the 2014 Bonds as they become due in accordance with the schedule set forth in the special report of a certified public accountant (the "Verification Report") prepared for such purposes. The City Council hereby authorizes the preparation of the Verification Report and directs the use of such moneys for the complete payment of the 2014 Bonds, in accordance with the Escrow Agreement.

Section 5. Additional Documents and Actions. The Authorized Officials are hereby authorized and directed to execute and deliver for and on behalf of the City and the Airport Enterprise any and all additional certificates, documents, opinions or other papers, and to perform all other acts as they may deem necessary or appropriate in order to implement and carry out the intent and purpose of this Ordinance.

Section 6. Repeals. All ordinances, resolutions, motions, orders, by-laws, rules or regulations, or parts thereof, in conflict with this Ordinance are hereby repealed only to the extent of such inconsistency.

Section 7. Severability. If any section, paragraph, clause or provision of this Ordinance shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining parts or provisions of this Ordinance.

Section 8. Publication. This Ordinance may be published by title and summary written by the City Clerk, together with a statement that the Ordinance is available for public inspection and acquisition in the office of the City Clerk as provided by the Charter.

Section 9. Effective Date. This Ordinance shall be in full force and effect from and after its final adoption and publication as provided by the Charter.

INTRODUCED, READ, PASSED ON FIRST READING AND ORDERED
PUBLISHED BY TITLE THIS 13TH DAY OF NOVEMBER, 2018.

By: 
Richard Skorman, Council President

FINALLY PASSED ON THIS 27th DAY OF NOVEMBER, 2018.

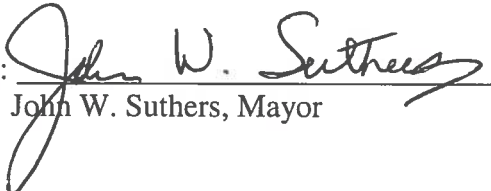
By: 
Richard Skorman, Council President

Attest:

By: 
Sarah B. Johnson, City Clerk




The seal is circular with a double-line border. The outer ring contains the text 'COLORADO SPRINGS' at the top and 'COLORADO' at the bottom. Inside the ring, it says 'SEAL' in the center, '1872' at the bottom, and 'SEPTEMBER 9, 1872' on the left side. A small star is located on the right side of the inner circle.

By: 
John W. Suthers, Mayor

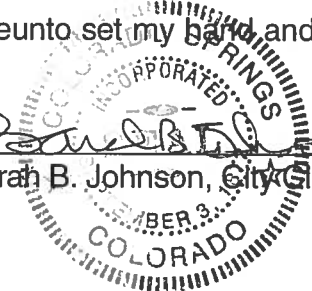
TJF

I HEREBY CERTIFY, that the foregoing ordinance entitled “AN ORDINANCE ADOPTING A PLAN FOR THE DEFEASANCE AND PAYMENT OF THE CITY OF COLORADO SPRINGS AIRPORT SYSTEM REVENUE REFUNDING BONDS, SERIES 2014, ISSUED BY THE CITY OF COLORADO SPRINGS, COLORADO, ACTING BY AND THROUGH ITS AIRPORT ENTERPRISE; AND AUTHORIZING AND APPROVING RELATED DOCUMENTS AND ACTIONS IN CONNECTION THEREWITH” was introduced and read at a regular meeting of the City Council of the City of Colorado Springs, held on November 13th, 2018; that said ordinance was finally passed at a regular meeting of the City Council of said City, held on the 27th day of November, 2018, and that the same was published by title and summary, in accordance with Section 3-80 of Article III of the Charter, in the Transcript, a newspaper published and in general circulation in said City, at least ten days before its passage.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the City, this 29th day of November, 2018.



Sarah B. Johnson, City Clerk



1st Publication Date: November 16th, 2018
2nd Publication Date: December 5th, 2018

Effective Date: December 10th, 2018

Initial: SBS

City Clerk

DEFEASANCE ESCROW AGREEMENT

This DEFEASANCE ESCROW AGREEMENT (this "Agreement") is dated as of the 17th day of December, 2018, by and between the CITY OF COLORADO SPRINGS, COLORADO (the "City"), and U.S. BANK NATIONAL ASSOCIATION, a national banking association duly organized and existing under the laws of the United States, 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 State of Colorado (the "Bank"), as escrow agent;

WITNESSETH:

WHEREAS, the City, acting through its Municipal Airport Enterprise (the "Airport Enterprise"), has duly authorized, sold, issued and delivered its Airport System Revenue Refunding Bonds, Series 2014 (the "2014 Bonds") in the initial aggregate principal amount of \$11,185,000, of which \$6,330,000 is expected to remain outstanding as of December 17, 2018, pursuant to Ordinance No. 92-116 (the "General Ordinance"), as supplemented by Ordinance No. 13-79 (the "Supplemental Ordinance" and together with the General Ordinance, the "2014 Ordinance"), adopted by the City Council of the City (the "City Council"), acting as the governing body of the Airport Enterprise (unless otherwise indicated, capitalized terms used in this Agreement shall have the meanings set forth in Section 1 of the 2018 Ordinance (as defined below)); and

WHEREAS, the principal of and interest on the 2014 Bonds are payable at the principal corporate trust office of Wells Fargo Bank, National Association, in Denver, Colorado, as paying agent for the 2014 Bonds (the "2014 Paying Agent"); and

WHEREAS, the City Council finally adopted an ordinance on November 27, 2018 (the "2018 Ordinance"), authorizing the City to utilize legally available moneys of the Airport Enterprise to defease and pay through final maturity the outstanding 2014 Bonds (the "Defeasance"); and

WHEREAS, pursuant to the terms of this Agreement, the City shall deposit legally available moneys of the Airport Enterprise in an amount specified herein (as further described below, the "Available Funds") into the "2014 Airport System Revenue Refunding Bonds Escrow Account," established pursuant to the 2018 Ordinance, to be used to defease the outstanding 2014 Bonds on December 17, 2018 (the "Defeasance Date"); and

WHEREAS, the 2014 Ordinance provides that the 2014 Bonds shall no longer be deemed to be outstanding under the 2014 Ordinance if Federal Securities (as defined in the 2014 Ordinance) shall have been deposited in escrow for the payment thereof (whether upon or prior the maturity of such 2014 Bonds); and

WHEREAS, pursuant to the terms of the 2018 Ordinance, the City shall pay in full the principal of, premium if any, and interest on the 2014 Bonds from the net proceeds of the Available Funds in the manner and at the times hereinafter set forth;

NOW THEREFORE, IT IS AGREED: That in consideration of the mutual covenants herein contained and other good and valuable consideration duly paid by, or on behalf of, the City to the Bank at or before the execution and delivery of this Agreement, the receipt and sufficiency of which is hereby acknowledged, and in order to complete the Defeasance, according to the terms set forth herein, the parties hereto mutually undertake, promise, and agree for themselves, their respective representatives, successors and assigns, as follows:

Section 1. The City shall deposit with the Bank in a special escrow account, designated as the "2014 Airport System Revenue Refunding Bonds Escrow Account" (the "Escrow Account"), the total amount of \$6,732,089.00 (the "Available Funds"), which amount, together with earnings thereon, will be at all times at least sufficient to pay the principal of and interest on the 2014 Bonds as they become due in accordance with the schedule set forth in the special report of a certified public accountant (the "Verification Report") attached hereto as Exhibit A and made a part hereof.

At the time of actual execution of this Agreement, the Bank will immediately invest the funds on deposit in the Escrow Account in the Federal Securities, if any, listed in the Verification Report, which report verifies that the computations regarding the sufficiency of the amounts on deposit in the Escrow Account to pay the principal of and interest on the 2014 Bonds as set forth in this Section are mathematically correct, and shall fully secure any cash balance in the Escrow Account in the manner set forth herein. Such Federal Securities, if any, are irrevocably pledged and placed in escrow for the payment of the principal of, premium if any, and interest on the 2014 Bonds.

Section 2. If, for any reason, at any time the funds on hand in the Escrow Account shall be insufficient to meet any payments on the 2014 Bonds, as the same shall be about to become due and payable, the City shall forthwith deposit in the Escrow Account such additional legally available funds as may be required to fully meet the amounts 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 City's failure to make such deposit.

Section 3. The Bank shall hold said funds, together with the obligations herein authorized to be purchased, at all times in a special escrow account which is accounted for separately from other funds and securities on deposit with it; shall never at any time use (except as expressly set forth herein), loan, or borrow the same in any way; and shall not be permitted to invest and reinvest said deposit (except as expressly set forth herein) unless the requirements of Section 12 hereof are satisfied. Nothing herein contained shall be construed as requiring the Bank to keep on hand the identical moneys, or any part thereof, received for the Escrow Account, but moneys of an equal amount, except to the extent such are represented by the Federal Securities contained in the Escrow Account, must always be maintained on hand as funds held by the Bank, and a special account thereof, evidencing such fact, shall at all times be maintained on the books of the Bank.

Section 4. The Bank shall from time to time redeem at maturity all or any appropriate portion of the Federal Securities in the Escrow Account, according to the schedules of maturities set forth in the Verification Report, without notice to the City, in sufficient amounts so that the proceeds therefrom and the interest thereon as the same accrues, will be sufficient to pay the

principal of, premium if any, and interest on the 2014 Bonds as the same become due in accordance with the schedule set forth in the Verification Report attached hereto as Exhibit C.

Section 5. The Bank shall maintain the Escrow Account until thirty (30) days after the date upon which the 2014 Bonds are fully matured and paid, as to principal, premium if any, and interest, whereupon the Bank shall redeem any obligations remaining in the Escrow Account and shall remit to the City all moneys, if any, then remaining in the Escrow Account; provided however, that before such remittance is made to the City, sufficient funds must have been deposited with the 2014 Paying Agent to pay the principal of, premium if any, and interest on any 2014 Bonds which remain outstanding on such date. The Bank shall fully collateralize the moneys in the Escrow Account not invested (to the extent not covered by Federal Deposit Insurance Corporation ("FDIC") insurance), in an amount at all times at least equal to the total unexpended amount of said moneys

Section 6. The Bank shall not be liable or responsible for any loss resulting from any investment made pursuant to this Agreement and in full compliance with its provisions.

Section 7. The funds received by the Bank shall not be considered as a banking deposit by the City. The funds so received by the Bank, as escrow agent, shall not be subject to checks drawn or withdrawals made by the City.

Section 8. Based on the Verification Report, the Bank shall forward or transfer to the 2014 Paying Agent, for deposit into the appropriate debt service payment accounts, sums which shall be sufficient for the payment of the principal of, premium if any, and interest becoming due on each principal or interest payment date for the 2014 Bonds in accordance with the Verification Report. The amount so forwarded or transferred shall be in sufficient time to permit such payment on time without default. It shall not be necessary for the City to take any affirmative action whatsoever as a condition precedent to the duty of the Bank to forward or transfer such funds to the 2014 Paying Agent at the necessary times.

Section 9. The Bank shall immediately notify the City by certified or registered, first class United States mail, postage prepaid or by overnight delivery service, whenever, for any reason, the funds on hand in the Escrow Account, plus the securities therein and interest on said securities, as the same accrues, will be insufficient to pay the principal of, premium if any, and interest on the 2014 Bonds in accordance with the Verification Report.

Section 10. The Bank shall, within forty-five (45) days following the transfer of funds to the 2014 Paying Agent for the final payment of the 2014 Bonds, forward to the City a statement in detail of the transfers of moneys from the Escrow Account. In addition, the City shall have the right, at any time, to examine all the Bank's records regarding the status of the Escrow Account and the details of said income, investments, redemptions, and transfers.

Section 11. The Bank shall be under no obligation to inquire into or be in any way responsible for the performance or non-performance by the City or any paying agent of any of the City's or paying agent's obligations, or to protect any of the City's rights under any bond documents or any of the City'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 for 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 obligations imposed upon it hereunder.

Section 12.

(a) In order to insure continuing compliance with Section 148 of the Internal Revenue Code of 1986, as amended, and applicable regulations thereunder, the Bank agrees that, except as provided in this Section, it will not invest or reinvest any cash received in the Escrow Account.

(b) The Bank shall invest or reinvest any such cash balance, at the written direction of the City, if invested in Federal Securities that mature in an amount at least equal to the purchase price of such Federal Securities on the next scheduled payment date for the 2014 Bonds and if the City and the Bank have been advised in writing by nationally recognized municipal bond counsel selected by the City that in the opinion of said bond counsel, the investment or reinvestment of such cash balance could be unlimited, or limited as set forth in said opinion, and said opinion would also state:

(i) the investment or reinvestment of any cash balance as directed would not adversely affect the excludability from gross income of the interest paid or to be paid in connection with the 2014 Bonds; and

(ii) that such investment or reinvestment would not cause the City to be or become subject to any sanctions or penalties pursuant to any applicable law.

The Bank shall thereafter, at the written direction of the City, invest and reinvest any of said cash held in the Escrow Account to the greatest extent possible, in non-callable Federal Securities maturing prior to any date on which such moneys will be required in the Escrow Account, in the manner provided in this Agreement, limited only as herein otherwise provided and by any limitation expressed in said opinion of bond counsel in its original form or as the same may, from time to time, be modified. The cash derived from such investment or reinvestment in excess of the amounts needed in the Escrow Account to pay the principal of and interest on the 2014 Bonds as they become due in accordance with the schedule set forth herein, shall be retained by the Bank until released in accordance with Section 5 hereof.

Section 13. The 2014 Paying Agent, on behalf of the City, shall file an appropriate notice, by written or electronic means, of the defeasance of the 2014 Bonds with Municipal Securities Rulemaking Board's Electronic Municipal Market Access System, with a portal at <http://emma.msrb.org>, which notice shall be captioned "Material Event Notice," shall prominently state the date, title and CUSIP numbers of the 2014 Bonds and shall describe the defeasance of such 2014 Bonds. A form of such notice is attached hereto as Exhibit B.

Section 14. This Agreement shall be effective on the date the Escrow Account is fully funded in accordance with Section 1 hereof. Time shall be of the essence in the performance of the obligations from time to time imposed upon the Bank by this Agreement.

Section 15. In the event of a violation of any provision of this Agreement, the City may remove the Bank as escrow agent hereunder by notifying the Bank and may appoint a successor escrow agent. Upon any such removal, the City shall promptly appoint a successor escrow agent by an instrument in writing, which successor escrow agent shall give notice of such appointment to all Owners as soon as practicable; provided that in the event the City does not appoint a successor escrow agent within 60 days following the giving of any such notice of removal, the removed Bank may petition any appropriate court having jurisdiction to appoint a successor escrow agent.

Any removal of the Bank and appointment of a successor escrow agent shall become effective only upon the acceptance of the appointment by the successor escrow agent and the transfer by the retiring Bank to the successor escrow agent of all property held by it hereunder as escrow agent.

Section 16. The liability of the Bank to transfer funds for the payment of the principal of, premium, if any, and interest on the 2014 Bonds shall be limited to the proceeds of the Federal Securities, if any, and the cash balances that have been deposited into the Escrow Account.

The recitals herein and in the proceedings authorizing the Defeasance shall be taken as the statements of the City and shall not be considered as made by, or imposing any obligation or liability upon, the Bank.

The Bank, in its capacity as escrow agent, is not a party to the proceedings authorizing the Defeasance or the 2014 Bonds and is not responsible for nor bound by any of the provisions thereof (except to the extent that the Bank may be a place of payment and paying agent and/or a paying agent/registrar therefor). In its capacity as escrow agent, it is agreed that the Bank need look only to the express terms and provisions of this Agreement and no implied obligations or covenants shall be read into this Agreement against the Bank.

The Bank makes no representations as to the value, conditions or sufficiency of the Escrow Account, or any part thereof, or as to the title of the City thereto, or as to the security afforded thereby or hereby, and the Bank shall not incur any liability or responsibility in respect to any of such matters.

It is the intention of the parties hereto that the Bank shall never be required to use or advance its own funds or otherwise incur personal financial liability in the performance of any of its duties or the exercise of any of its rights and powers hereunder.

Unless it is specifically otherwise provided herein, the Bank has no duty to determine or inquire into the happening or occurrence of any event or contingency or the performance or failure of performance of the City with respect to arrangements or contracts with others, with the Bank's sole duty hereunder being to safeguard the Escrow Account, to dispose of and deliver the same in accordance with this Agreement. If, however, the Bank is called upon by the terms of this Agreement to determine the occurrence of any event or contingency, the Bank shall be obligated, in making such determination, only to exercise reasonable care and diligence, and in event of error in making such determination the Bank shall be liable only for its own misconduct

or its negligence. In determining the occurrence of any such event or contingency the Bank may request from the City or any other person such reasonable additional evidence as the Bank 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, among others, the City at any time. The Bank may consult with counsel, who may be counsel of or to the City or the Bank, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance herewith. The Bank may conclusively rely and shall be fully protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, approval or other paper or document reasonably believed by it to be genuine and to have been signed or presented by the proper party or parties. The Bank may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, attorneys, custodians or nominees appointed with due care, and shall not be responsible for any willful misconduct or negligence on the part of any agent, attorney, custodian or nominee so appointed. Anything in this Agreement to the contrary notwithstanding, in no event shall the Bank be liable for special, indirect, punitive or consequential loss of any kind whatsoever (including but not limited to lost profits), even if the Bank has been advised of the likelihood of such loss or damage and regardless of the form of action. The Bank shall not be liable to the parties hereto or deemed in breach or default hereunder if and to the extent its performance hereunder is prevented by reason of force majeure. The term "force majeure" means an occurrence that is beyond the control of the Bank and could not have been avoided by exercising due care. Force majeure shall include acts of God, terrorism, war, riots, strikes, fire, floods, earthquakes, epidemics or other similar occurrences.

Section 17. The Bank shall have the right to accept and act upon instructions, including funds transfer instructions ("Instructions") given pursuant to this Agreement and delivered using Electronic Means ("Electronic Means" means the following communications methods: S.W.I.F.T., e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Bank, or another method or system specified by the Bank as available for use in connection with its services hereunder); provided, however, that the City shall provide to the Bank an incumbency certificate listing officers with the authority to provide such Instructions (the "Authorized Officers") and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the City whenever a person is to be added or deleted from the listing. If the City elects to give the City Agent Instructions using Electronic Means and the Bank in its discretion elects to act upon such Instructions, the Bank's understanding of such Instructions shall be deemed controlling. The City understands and agrees that the Bank cannot determine the identity of the actual sender of such Instructions and that the Bank shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Bank have been sent by such Authorized Officer. The City shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Bank and that the City and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the City. The Bank shall not be liable for any losses, costs or expenses arising directly or indirectly from the Bank's reliance upon and compliance with such Instructions notwithstanding whether such directions conflict or are inconsistent with a subsequent written instruction. The City agrees: (a) to assume all risks arising out of the use of Electronic Means to

submit Instructions to the Bank, including without limitation the risk of the Bank acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (b) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Bank and that there may be more secure methods of transmitting Instructions than the method(s) selected by the City; (c) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (d) to notify the Bank immediately upon learning of any compromise or unauthorized use of the security procedures.

Section 18. The Bank shall receive fees for performing the services hereunder and for the expenses incurred or to be incurred by the Bank in the administration of this Agreement as set forth in Exhibit C hereto. Such arrangement for compensation and expenses is intended as compensation for the ordinary services as contemplated by this Agreement (but not including costs of investments which will be billed to the City at usual and customary rates, if applicable), and if the Bank renders any service hereunder not provided for in this Agreement, or the Bank is made a party to or intervenes in any litigation pertaining to this Agreement, or institutes interpleader proceedings relative thereto, the Bank shall be compensated reasonably by the City for such extraordinary services approved in writing by the City and reimbursed for all fees, costs, liability and expenses (including reasonable attorneys' fees) occasioned thereby. The Bank hereby agrees that in no event shall it ever assert any claim or lien against the Escrow Account for any fees for its services, whether regular or extraordinary, as Bank, or in any other capacity, or for reimbursement for any of its expenses as Bank or in any other capacity.

Section 19. Any corporation or association with or into which the Bank may be merged or converted or with or into which it may be consolidated, or to which the Bank may sell or transfer its municipal corporate trust business and assets as a whole, or substantially as a whole, or any corporation or association resulting from any merger, conversion, sale, consolidation or transfer to which it is a party, shall be and become successor Bank hereunder and shall be vested with all the trusts, powers, rights, obligations, duties, remedies, immunities and privileges hereunder as was its predecessor, without the execution or filing of any instrument or any further act on the part of any of the parties hereto.

If at any time the Bank or its legal successor or successors shall resign or should become unable, through operation or law or otherwise, to act as escrow agent hereunder, or if its property and affairs shall be taken under the control of any state or federal court or administrative body because of insolvency or bankruptcy or for any other reason, a vacancy shall forthwith exist in the office of Bank hereunder. In such event the City, by appropriate action, promptly shall appoint an escrow agent to fill such vacancy. If no successor escrow agent shall have been appointed by the City within 60 days, the retiring Bank, as escrow agent, may petition a court of competent jurisdiction for the appointment of a successor escrow agent, or a successor may be appointed by the owners of a majority in principal amount of the 2014 Bonds then defeased by an instrument or instruments in writing filed with the City, signed by such owners or by their duly authorized attorneys-in-fact. If, in a proper case, no appointment of a successor escrow agent shall be made pursuant to the foregoing provisions of this Section within three months after a vacancy shall have occurred, the owner of any 2014 Bond may apply to any court of competent jurisdiction to appoint a successor escrow agent. Such court may thereupon, after such notice, if any, as it may deem proper, prescribe and appoint a successor escrow agent.

Any successor escrow agent shall be a banking association or corporation organized and doing business under the laws of the United States or the State of Colorado, authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least \$50,000,000 and subject to the supervision or examination by federal or state authority.

Any successor escrow agent shall execute, acknowledge and deliver to the City and the Bank an instrument accepting such appointment hereunder, and the Bank shall execute and deliver an instrument transferring to such successor escrow agent, subject to the terms of this Agreement, all the rights, powers and trusts of the escrow agent hereunder. Upon the request of any such successor escrow agent, the City shall execute any and all instruments in writing for more fully and certainly vesting in and confirming to such successor escrow agent all such rights, powers and duties.

The obligations assumed by the escrow agent pursuant to this Agreement may be transferred by the Bank to a successor escrow agent if (a) the requirements of this Section with respect to a successor escrow agent are satisfied; (b) the successor escrow agent has assumed all the obligations of the Bank under this Agreement; and (c) all of the funds held by the Bank pursuant to this Agreement have been duly transferred to such successor escrow agent.

Section 20. This Agreement shall be governed by the laws of the State of Colorado.

Section 21. The parties hereto agree that the transaction described herein may be conducted and related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

Section 22. This Agreement shall not be amended except to cure any ambiguity or formal defect or omission in this Agreement. No amendment shall be effective unless the same shall be in writing and signed by the parties thereto. No such amendment shall adversely affect the rights of the owners of the 2014 Bonds.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have caused this Defeasance Escrow Agreement to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first above written.

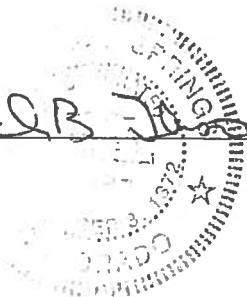
**CITY OF COLORADO SPRINGS,
COLORADO**

[SEAL]

By John W. Suthers
Mayor

Attest:

By Sandra B. Johnson
City Clerk



**U.S. BANK NATIONAL ASSOCIATION, as
Escrow Agent**

By [Signature]
Authorized Officer

[Signature Page to Defeasance Escrow Agreement]

EXHIBIT A
VERIFICATION REPORT
[Attach Verification Report]

CITY OF COLORADO SPRINGS, COLORADO

**VERIFICATION REPORT FOR THE
DEFEASANCE OF THE
AIRPORT SYSTEM REVENUE REFUNDING BONDS
SERIES 2014**

CAUSEY DEMGEN & MOORE P.C.
Certified Public Accountants and Consultants

December 17, 2018

City of Colorado Springs
30 South Nevada Avenue
Colorado Springs, Colorado 80903

Kutak Rock LLP
1801 California Street, Suite 3000
Denver, Colorado 80202

George K. Baum & Company
1400 Wewatta Street, Suite 800
Denver, Colorado 80202

We have completed our engagement to verify the mathematical accuracy of (a) the computations relating to the adequacy of U.S. Treasury Securities to be held in escrow to pay the debt service requirements of the Airport System Revenue Refunding Bonds, Series 2014 (herein referred to as the "Defeased Bonds") issued by the City of Colorado Springs, Colorado (herein referred to as the "City"), and (b) the yield on the escrowed securities purchased to defease the Defeased Bonds. We express no opinion as to the attainability of the assumptions underlying the computations or the tax-exempt status of the Defeased Bonds. Our verification was performed solely on the information contained in certain schedules of proposed transactions provided by George K. Baum & Company (herein referred to as the "Municipal Advisor"). In the course of our engagement to verify the mathematical accuracy of the computations in the schedules provided to us, we prepared Exhibits A through C attached hereto and made a part hereof.

The scope of our engagement consisted of performing the procedures described herein. These procedures were performed in a manner that we deem to be appropriate.

The accompanying exhibits of proposed transactions were prepared on the basis of assumptions underlying the computations and in accordance with the procedures described herein. We did not independently confirm the information used with outside parties.

OUR UNDERSTANDING OF THE TRANSACTION

The City intends to use certain funds on hand to purchase U.S. Treasury Securities that will be placed into an escrow account to defease the Defeased Bonds.

The Escrow Agent will pay the debt service requirements of the Defeased Bonds on each scheduled payment date through and including December 15, 2023, which bonds are not subject to optional redemption prior to maturity.

ESCROW ACCOUNT TRANSACTIONS

We verified the mathematical accuracy of the accompanying calculations of the escrow account transactions proposed to defease the Defeased Bonds.

The presently outstanding debt service requirements of the Defeased Bonds will be satisfied by the purchase of U.S. Treasury Securities (as described in Exhibit A-2). The securities will be placed in an irrevocable escrow account and held therein until the Defeased Bonds are retired as previously described.

We read a copy of the Official Statement dated as of January 16, 2014 for the Defeased Bonds insofar as these obligations are described with respect to principal amounts, interest rates, maturity dates, and redemption provisions. We assumed this document to be accurate and all debt service payments on the Defeased Bonds to be current as of December 17, 2018. We compared the above information set forth in this Official Statement with the related information contained in the schedules provided to us and found the information to be consistent.

We compared the subscribed interest rates of the U.S. Treasury Securities (State and Local Government Series) to be purchased and placed in escrow with the maximum allowable interest rates as published in the SLGS Daily Rate Table by the Bureau of the Public Debt for December 3, 2018 and found the subscribed rates to be less than or equal to the maximum allowable rates that were in effect on the subscription date for each applicable maturity date.

Based on the procedures and information set forth above, the computations provided to us and represented in Exhibits A through B, which indicate that the securities proposed to be placed in escrow by the City will produce the amounts necessary to provide for the timely payment of the proposed debt payment schedule on the Defeased Bonds, are mathematically correct.

YIELD ON THE INVESTMENT IN THE ESCROWED OBLIGATIONS PURCHASED TO DEFEASE THE DEFEASED BONDS

We verified the mathematical accuracy of the accompanying computation of the yield on the investment in the escrowed U.S. Treasury Securities purchased to defease the Defeased Bonds based on an assumed settlement date of December 17, 2018 and a purchase price of \$6,732,089.00. For purposes of this calculation, yield is defined as the rate of interest which, using the assumptions and procedures set forth herein, discounts the cash receipts from the escrowed securities to an amount equal to the purchase price of the escrowed securities. The computations were made using a 360-day year with interest compounded semi-annually and were based on the dates the funds are to be received in the escrow account, and assume that all cash balances are not reinvested.

Based upon the procedures and information set forth above, the computations provided to us and represented in Exhibit C, which indicate that the yield on the escrowed securities is 2.82972% (which is less than the 3.2487% yield on the Defeased Bonds as shown in the Form 8038 for the Defeased Bonds), are mathematically correct.

USE OF THIS REPORT

It is understood that this report is solely for the information of and assistance to the addressees hereof in connection with the defeasance of the Defeased Bonds and is not to be used, relied upon, circulated, quoted or otherwise referred to for any other purpose without our written consent, except that (i) reference may be made to the report in any closing documents pertaining to the defeasance of the Defeased Bonds, (ii) the report may be used in its entirety as an exhibit to the escrow agreement for the Defeased Bonds, (iii) the report may be included in the transcripts pertaining to the defeasance of the Defeased Bonds, (iv) the report may be relied upon by Bond Counsel in connection with its opinions concerning the Defeased Bonds, (v) the report may be relied upon by any rating agency or bond insurer that shall have rated or insured or that will rate or insure the Defeased Bonds, and (vi) the report may be relied upon by the Escrow Agent for the Defeased Bonds.

* * * * *

The scope of our engagement is deemed by the addressees hereto to be sufficient to assist such parties in evaluating the mathematical accuracy of the various computations cited above. The sufficiency of this scope is solely the responsibility of the specified users of this report and should not be taken to supplant any additional inquiries or procedures that the users would undertake in their consideration of the defeasance of the bonds related to the transaction described herein. We make no representation regarding the sufficiency of the scope of this engagement. This report should not be used by any party who does not agree to the scope set forth herein and who does not take responsibility for the sufficiency and appropriateness of such scope for their purposes.

We have no obligation to update this report because of events, circumstances, or transactions occurring subsequent to the date of this report.

Very truly yours,

Canary Deryn + Moore P.C.

EXHIBIT A

CITY OF COLORADO SPRINGS, COLORADO
 DEFEASANCE OF THE
 AIRPORT SYSTEM REVENUE REFUNDING BONDS
 SERIES 2014

ESCROW ACCOUNT CASH FLOW
 AS OF DECEMBER 17, 2018

Date	Cash Receipts From U.S. Treasury Securities (Exhibit A-1)	Cash Disbursements From Escrow (Exhibit B)	Cash Balance
Beginning Balance:			\$0.00
15-Jun-19	\$158,252.81	\$158,250.00	2.81
15-Dec-19	1,303,250.41	1,303,250.00	3.22
15-Jun-20	129,624.75	129,625.00	2.97
15-Dec-20	1,334,624.72	1,334,625.00	2.69
15-Jun-21	99,498.95	99,500.00	1.64
15-Dec-21	1,364,501.34	1,364,500.00	2.98
15-Jun-22	67,873.52	67,875.00	1.50
15-Dec-22	1,392,875.45	1,392,875.00	1.95
15-Jun-23	34,749.70	34,750.00	1.65
15-Dec-23	1,424,749.43	1,424,750.00	1.08
	<u>\$7,310,001.08</u>	<u>\$7,310,000.00</u>	

CITY OF COLORADO SPRINGS, COLORADO
 DEFEASANCE OF THE
 AIRPORT SYSTEM REVENUE REFUNDING BONDS
 SERIES 2014

CASH RECEIPTS FROM THE ESCROWED SECURITIES
 AS OF DECEMBER 17, 2018

Payment Date	\$80,692.00 2.490000%	\$1,193,890.00 2.690000%	\$52,204.00 2.770000%	\$1,257,927.00 2.820000%	\$40,538.00 2.830000%	\$1,306,114.00 2.840000%	\$28,033.00 2.840000%	\$1,353,433.00 2.840000%	\$14,526.00 2.840000%	\$1,404,732.00 2.850000%	Total
	SLGS (1) 15-Jun-19	SLGS (1) 15-Dec-19	SLGS (2) 15-Jun-20	SLGS (2) 15-Dec-20	SLGS (2) 15-Jun-21	SLGS (2) 15-Dec-21	SLGS (2) 15-Jun-22	SLGS (2) 15-Dec-22	SLGS (2) 15-Jun-23	SLGS (2) 15-Dec-23	Cash
15-Jun-19	\$81,682.85	\$1,225,829.66	\$715.08	\$17,541.86	\$567.31	\$18,343.01	\$393.69	\$19,007.55	\$204.00	\$19,797.46	\$158,252.81
15-Dec-19			723.03	17,736.77	573.61	18,546.82	398.07	19,218.75	206.27	20,017.43	1,303,250.41
15-Jun-20			52,927.03	17,736.77	573.61	18,546.82	398.07	19,218.75	206.27	20,017.43	129,624.75
15-Dec-20				1,275,663.77	41,111.61	1,324,660.82	398.07	1,372,651.75	14,732.27	1,424,749.43	1,334,624.72
15-Jun-21											99,498.95
15-Dec-21											1,364,501.34
15-Jun-22											67,873.52
15-Dec-22											1,392,875.45
15-Jun-23											34,749.70
15-Dec-23											1,424,749.43
											\$7,310,001.08

(1) U.S. Treasury Certificate of Indebtedness (State and Local Government Series)
 (2) U.S. Treasury Note or Bond (State and Local Government Series)

CITY OF COLORADO SPRINGS, COLORADO
 DEFEASANCE OF THE
 AIRPORT SYSTEM REVENUE REFUNDING BONDS
 SERIES 2014

DESCRIPTION OF THE ESCROWED SECURITIES
 AS OF DECEMBER 17, 2018

Type	Settlement Date	Maturity Date	Par Amount	Coupon Rate	Price	Total Cost
SLGS	17-Dec-18	15-Jun-19	\$80,692.00	2.490%	100.000000%	\$80,692.00
SLGS	17-Dec-18	15-Dec-19	1,193,890.00	2.690%	100.000000%	1,193,890.00
SLGS	17-Dec-18	15-Jun-20	52,204.00	2.770%	100.000000%	52,204.00
SLGS	17-Dec-18	15-Dec-20	1,257,927.00	2.820%	100.000000%	1,257,927.00
SLGS	17-Dec-18	15-Jun-21	40,538.00	2.830%	100.000000%	40,538.00
SLGS	17-Dec-18	15-Dec-21	1,306,114.00	2.840%	100.000000%	1,306,114.00
SLGS	17-Dec-18	15-Jun-22	28,033.00	2.840%	100.000000%	28,033.00
SLGS	17-Dec-18	15-Dec-22	1,353,433.00	2.840%	100.000000%	1,353,433.00
SLGS	17-Dec-18	15-Jun-23	14,526.00	2.840%	100.000000%	14,526.00
SLGS	17-Dec-18	15-Dec-23	1,404,732.00	2.850%	100.000000%	1,404,732.00
			<u>\$6,732,089.00</u>			<u>\$6,732,089.00</u>

EXHIBIT B

CITY OF COLORADO SPRINGS, COLORADO
 DEFEASANCE OF THE
 AIRPORT SYSTEM REVENUE REFUNDING BONDS
 SERIES 2014

ESCROW ACCOUNT DISBURSEMENT REQUIREMENTS
 FOR THE DEFEASED BONDS
 AS OF DECEMBER 17, 2018

Payment Date	Rate	Payment For		Total Debt Payment
		Maturing Principal	Interest	
15-Jun-19			\$158,250.00	\$158,250.00
15-Dec-19	5.000%	\$1,145,000.00	158,250.00	1,303,250.00
15-Jun-20			129,625.00	129,625.00
15-Dec-20	5.000%	1,205,000.00	129,625.00	1,334,625.00
15-Jun-21			99,500.00	99,500.00
15-Dec-21	5.000%	1,265,000.00	99,500.00	1,364,500.00
15-Jun-22			67,875.00	67,875.00
15-Dec-22	5.000%	1,325,000.00	67,875.00	1,392,875.00
15-Jun-23			34,750.00	34,750.00
15-Dec-23	5.000%	1,390,000.00	34,750.00	1,424,750.00
		<u>\$6,330,000.00</u>	<u>\$980,000.00</u>	<u>\$7,310,000.00</u>

EXHIBIT C
 CITY OF COLORADO SPRINGS, COLORADO
 DEFEASANCE OF THE
 AIRPORT SYSTEM REVENUE REFUNDING BONDS
 SERIES 2014

YIELD ON THE ESCROWED SECURITIES
 AS OF DECEMBER 17, 2018

Date	Total Cash Receipts From U.S. Treasury Securities (Exhibit A)	Present Value at December 17, 2018 Using a Semi-Annually Compounded Yield of 2.82972%
15-Jun-19	\$158,252.81	\$156,069.36
15-Dec-19	1,303,250.41	1,267,338.17
15-Jun-20	129,624.75	124,294.24
15-Dec-20	1,334,624.72	1,261,887.56
15-Jun-21	99,498.95	92,763.78
15-Dec-21	1,364,501.34	1,254,389.21
15-Jun-22	67,873.52	61,525.78
15-Dec-22	1,392,875.45	1,244,994.63
15-Jun-23	34,749.70	30,627.02
15-Dec-23	1,424,749.43	1,238,199.25
	<u>\$7,310,001.08</u>	<u>\$6,732,089.00</u>

Total Cost of the Securities \$6,732,089.00

EXHIBIT D

CITY OF COLORADO SPRINGS, COLORADO
DEFEASANCE OF THE
AIRPORT SYSTEM REVENUE REFUNDING BONDS
SERIES 2014

ESTIMATED SOURCES AND USES OF FUNDS
AS OF DECEMBER 17, 2018

Sources of Funds:	
Contributed Funds	<u>\$6,761,089.00</u>
Total Sources of Funds	<u><u>\$6,761,089.00</u></u>
Uses of Funds:	
Cost of the Escrowed Securities	\$6,732,089.00
Issuance Costs	<u>29,000.00</u>
Total Uses of Funds	<u><u>\$6,761,089.00</u></u>

EXHIBIT B

FORM OF MATERIAL EVENT NOTICE

MUNICIPAL SECONDARY MARKET DISCLOSURE

\$11,185,000

**City of Colorado Springs, Colorado
Airport System Revenue Refunding Bonds
Series 2014**

NOTICE IS HEREBY GIVEN that a portion of the outstanding City of Colorado Springs Airport System Revenue Refunding Bonds, Series 2014 originally issued in the aggregate principal amount of \$11,185,000 (the "Series 2014 Bonds") have been defeased. The Series 2014 Bonds which have been defeased are all of the Series 2014 Bonds maturing on and after December 15, 2019 in the aggregate principal amount of \$6,330,000 (the "Defeased Bonds"). The Defeased Bonds more specifically include the following bonds:

Principal Amount	Maturity Date (December 15)	CUSIP Numbers
\$1,145,000	2019	196612 FS9
1,205,000	2020	196612 FT7
1,265,000	2021	196612 FU4
1,325,000	2022	196612 FV2
1,390,000	2023	196612 FW0

The Defeased Bonds have been defeased by action of the City Council of the City, with legally available moneys of its Airport Enterprise, there being on deposit with U.S. Bank National Association (the "Bank"), under an Escrow Agreement between the City and the Bank, cash and direct obligations of (including obligations issued or held in book entry form on the books of), or obligations the principal of and interest on which are guaranteed by, the United States of America, the maturing principal of and interest on which, together with cash held in escrow, will be sufficient to pay the principal and interest on the Defeased Bonds in accordance with their terms until their final maturity.

EXHIBIT C

FEE SCHEDULE

[Attach Fee Schedule of Escrow Agent]



U.S. Bank Customer Confidential

Schedule of Fees for Services as

Refunding Escrow Agent

For

City of Colorado Springs, Colorado
Airport System Revenue Bonds
Series 2014

CTS04160 INIT MISC Refunding Escrow Agent, One Time One time fee for the standard agent services in administration of the defeasance escrow. Administration fees are payable in advance \$250/year = \$1,250.00

Direct Out of Pocket Expenses Reimbursement of expenses associated with the performance of our duties, including but not limited to publications, legal counsel after the initial close, travel expenses and filing fees. At Cost

Extraordinary Services Extraordinary Services are duties or responsibilities of an unusual nature, including termination, but not provided for in the governing documents or otherwise set forth in this schedule. A reasonable charge will be assessed based on the nature of the services and the responsibility involved. At our option, these charges will be billed at a flat fee or at our hourly rate then in effect.

Account approval is subject to review and qualification. Fees are subject to change at our discretion and upon written notice. Fees paid in advance will not be prorated. The fees set forth above and any subsequent modifications thereof are part of your agreement. Finalization of the transaction constitutes agreement to the above fee schedule, including agreement to any subsequent changes upon proper written notice. In the event your transaction is not finalized, any related out-of-pocket expenses will be billed to you directly. Absent your written instructions to sweep or otherwise invest, all sums in your account will remain uninvested and no accrued interest or other compensation will be credited to the account. Payment of fees constitutes acceptance of the terms and conditions set forth.

IMPORTANT INFORMATION ABOUT PROCEDURES FOR OPENING A NEW ACCOUNT:

To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify and record information that identifies each person who opens an account.

For a non-individual person such as a business entity, a charity, a Trust or other legal entity we will ask for documentation to verify its formation and existence as a legal entity. We may also ask to see financial statements, licenses, identification and authorization documents from individuals claiming authority to represent the entity or other relevant documentation.