

# Deed of Trust

DATE: June 1, 2003

GRANTOR: KERN RESERVOIR AND DITCH COMPANY

BENEFICIARY: COLORADO WATER CONSERVATION BOARD

COUNTY: WELD

PRINCIPAL LOAN AMOUNT: \$3,620,000

LOAN CONTRACT: Loan Contract No. C150118, dated June 1, 2003

REPAYMENT TERMS: 5.10 % Interest per annum for a period of 30 years

**COLLATERAL:** An undivided one hundred percent (100%) interest in and to all easements and rights-of-way appurtenant thereto, all improvements thereon, and all other physical and legal features known as the Kern Reservoir (also known as Windsor Lake) located in the East Half of Section 17 and Section 16, Township 6 North, Range 67 West of the 6<sup>th</sup> P.M., Weld County, Colorado, together with all dams, embankments, gates, easements, ditches, canals, rights-of-way and all other structures, appliances, fixtures and other property of whatsoever kind and description that are used in connection with the operation of said reservoir and the storage, as further described on attached Exhibit "A".

**This indenture** is between the GRANTOR, and the Public Trustee of the above referenced COUNTY, State of Colorado ("PUBLIC TRUSTEE").

## Factual Recitals

1. The GRANTOR has executed a Promissory Note of even date and amount, set forth in the LOAN CONTRACT, for a loan in the PRINCIPAL LOAN AMOUNT to be repaid to the BENEFICIARY, with REPAYMENT TERMS as shown above and in accordance with the Promissory Note or until loan is paid in full.
2. The GRANTOR is desirous of securing payment of the PRINCIPAL LOAN AMOUNT and interest of said Promissory Note to the BENEFICIARY.

The GRANTOR, in consideration of the premises and for the purpose aforesaid, does hereby grant, bargain, sell and convey unto the said PUBLIC TRUSTEE in trust forever, the above described COLLATERAL.

**To have and to hold** the same, together with all appurtenances, in trust nevertheless, that in case of default in the payment of said Promissory Note, or any part thereof, or the interest thereon, or in the performance of any covenants hereinafter set forth or in said Promissory Note or LOAN CONTRACT, then upon the BENEFICIARY filing notice of election and demand for sale, said PUBLIC TRUSTEE, after advertising notice of said sale weekly for not less than four weeks in some newspaper of general circulation in said COUNTY, shall sell said COLLATERAL in the manner provided by law in effect at the time of filing said notice and demand, at public auction for cash, at any proper place designated in the notice of sale. Out of the proceeds of said sale, the PUBLIC TRUSTEE shall retain or pay first all fees, charges and costs and all moneys advanced for taxes, insurance and assessments, or on any prior encumbrance, with interest thereon and pay the principal and interest due on said Promissory Note, rendering the overplus, if any, unto the GRANTOR; and after the expiration of the time of redemption, the PUBLIC TRUSTEE shall execute and deliver to the purchaser a deed to the COLLATERAL sold. The BENEFICIARY may purchase said COLLATERAL or any part thereof at such sale.

## Appendix 5 to Loan Contract C150118



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The GRANTOR covenants that at the time of the delivery of these presents, it is well seized of the COLLATERAL in fee simple, and has full power and lawful authority to grant, bargain, sell and convey the same in the manner and form as aforesaid. The GRANTOR fully waives and releases all rights and claims it may have in or to said COLLATERAL as a Homestead Exemption or other exemption, now or hereafter provided by law. The GRANTOR further covenants that the collateral is free and clear of all liens and encumbrances whatever and that the GRANTOR shall warrant and forever defend the COLLATERAL in the quiet and peaceable possession of the PUBLIC TRUSTEE, its successors and assigns, against all and every person or persons lawfully claiming or to claim the whole or any part thereof.

Until payment in full of the indebtedness, the GRANTOR shall timely pay all taxes and assessments levied on the COLLATERAL; any and all amounts due on account of the principal and interest or other sums on any senior encumbrances, if any; and will keep the COLLATERAL insured in accordance with the requirements of the LOAN CONTRACT. In the event of the sale or transfer of the COLLATERAL, the BENEFICIARY, at its option, may declare the entire balance of the note immediately due and payable.

In case of default in any of said payments of the principal or interest, according to the terms of said Promissory Note or LOAN CONTRACT, by the GRANTOR, its successors or assigns, then said principal sum hereby secured, and interest thereon, may at once, at the option of the BENEFICIARY, become due and payable, and the said COLLATERAL be sold in the manner and with the same effect as if said indebtedness had matured, and that if foreclosure be made by the PUBLIC TRUSTEE, an attorney's fee in a reasonable amount for services in the supervision of said foreclosure proceedings shall be allowed by the PUBLIC TRUSTEE as a part of the cost of foreclosure, and if foreclosure be made through the courts a reasonable attorney's fee shall be taxed by the court as a part of the cost of such foreclosure proceedings.

It is further understood and agreed, that if a release or a partial release of this Deed of Trust is required, the GRANTOR, its successors or assigns will pay the expense thereof; that all the covenants and agreements contained herein and in the Promissory Note and LOAN CONTRACT shall extend to and be binding upon the successors or assigns of the respective parties hereto; and that the singular number shall include the plural, the plural the singular, and the use of any gender shall be applicable to all genders.

JUDY MORRIS  
NOTARY PUBLIC  
(SEAL) STATE OF COLORADO  
My Commission Expires 12/1/2005

Kern Reservoir and Ditch Company,  
a Colorado nonprofit corporation

By: W. Wayne Miller  
W. Wayne Miller, President

ATTEST:  
By: Julie A. Chester  
Julie Chester, Corporate Secretary

County of Weld )  
 ) ss  
State of Colorado )

The foregoing instrument was acknowledged before me this 7th day of May, 2003, by Philip Saletta and Julie Chester, as President and Corporate Secretary, respectively, of the Kern Reservoir and Ditch Company.  
Witness my hand and official seal.

My commission expires: 12/1/2005  
Judy Morris  
Notary Public

EXHIBIT "A" TO DEED OF TRUST  
DATED JUNE 1, 2003 BETWEEN  
KERN RESERVOIR AND DITCH COMPANY, GRANTOR AND  
COLORADO WATER CONSERVATION BOARD, BENEFICIARY

PARCEL 1

A parcel of land situated in Section 16, Township 6 North, Range 67 West of the 6th P.M., Weld County, Colorado, being more particularly described as follows: Commencing at a point on the south line of the aforementioned Section 16, said point being 1606 feet west of the Southeast corner of Section 16, and considering the south line of said Section to bear North 90°00'00" West; thence North 00°00'00" West, a distance of 52.63 feet, to a point on the north right-of-way line of Colorado State Highway 392, said point being the True Point of Beginning; thence North 00°00'00" West, a distance of 313.93 feet to a point; thence North 43°48'34" East, a distance of 20.41 feet to a point; thence North 14°07'20" East, a distance of 73.71 feet to a point; thence North 4°23'39" East, a distance of 173.80 feet to a point; thence North 13°52'32" East, a distance of 129.68 feet to a point; thence North 9°54'30" East, a distance of 242.92 feet to a point; thence North 8°27'39" East, a distance of 279.30 feet to a point; thence North 2°35'36" West, a distance of 130.43 feet to a point; thence North 7°49'05" West, a distance of 38.96 feet to a point; thence North 12°47'00" West, a distance of 30.32 feet to a point; thence North 7°40'00" East, a distance of 118.25 feet to a point; thence North 30°20'00" West, a distance of 700.00 feet to a point; thence North 44°15'00" West, a distance of 700.00 feet to a point; thence North 66°10'00" West, a distance of 400.00 feet to a point; thence North 85°15'00" West, a distance of 600.00 feet to a point; thence North 71°30'00" West, a distance of 300.00 feet to a point; thence North 56°45'00" West, a distance of 480.00 feet to a point; thence North 51°15'00" West, a distance of 711.78 feet to a point; thence South 87°34'00" West, a distance of 590.00 feet to a point; thence South 72°34'40" West, a distance of 148.87 feet to a point on the east right-of-way line of Colorado State Highway 257; thence South 2°19'29" East, along said east right-of-way line, a distance of 178.64 feet to a point; thence South 2°56'31" West, along the east right-of-way line, a distance of 100.60 feet, to a point; thence South 1°33'29" East, along said east right-of-way line, a distance of 1094.30 feet, to a point; thence South 45°42'59" East, along said east right-of-way line, a distance of 34.77 feet; thence South 2°19'29" East, a distance of 227.37 feet, to a point of intersection of the aforementioned east right-of-way line with the north line of the Lake View Addition to the Town of Windsor; thence North 90°00'00" East, a distance of 127.96 feet to a point; thence South 42°00'57" East, a distance of 134.46 feet to a point; thence North 90°00'00" East, a distance of 20.00 feet to a point; thence South 25°24'28" East, a distance of 442.83 feet to a point, thence South 51°20'25" East, a distance of 128.06 feet to a point; thence South 43°31'52" East, a distance of 275.86 feet to a point; thence North 90°00'00" East, a distance of 20.00 feet to a point; thence South 43°31'52" East, a distance of 275.86 feet to a point; thence South 29°06'31" East, a distance of 207.99 feet to a point, thence South 22°16'32" East, a distance of 316.20 feet to a point on a curve, said curve being the north line of the Colorado and Southern Railroad Right-of-way; thence along said curve to the right, having a central angle of 3°43'42" and a radius of 11,259.38 feet, a distance of 732.65 feet, to a point; thence North 0°00'00" West a distance of 50.00 feet to a point; thence South 72°11'57" East a distance of 84.17 feet to a point; thence South 72°24'45" East, a distance of 425.84 feet to a point on the west line of the Park Addition to the Town of Windsor; thence North 0°00'00" West, a distance of 280.81 feet to a point; thence South 90°00'00" East a distance of 850.00 feet to a point; thence South 33°44'49" East a distance of 100.00 feet to a point; thence South 0°00'00" East, a distance of 100.00 feet to a point; thence South 90°00'00" East, a distance of 200.00 feet to a point; thence




South 0°00'00" East, a distance of 250.00 feet to a point on the north right-of-way line of Colorado State Highway 392; thence North 90°00'00" East, along said north right-of-way line, a distance of 12.59 feet; thence North 88°40'00" East, along said right-of-way line, a distance of 113.23 feet to a point, said point being the True Point of Beginning. EXCEPTING THEREFROM the following described parcels:

1. That portion deeded to Arlen R. Koehler and Donna R. Koehler by Deed recorded December 10, 1996 in Book 1580 as Reception No. 2524314, described as follows: A parcel of land located in the S1/2 of Section 16, Township 6 North, Range 67 West of the 6th P.M., Weld County, Colorado, being more particularly described as follows: Commencing at the South Quarter corner of said Section 16, and considering the South line of the SW1/4 of said Section 16 to bear North 90°00'00" West with all other bearings contained herein relative thereto; Thence North 64°58'24" West, a distance of 544.36 feet to the True Point of Beginning. Thence North 72°27'13" West, a distance of 115.29 feet; Thence South 85°18'08" East, a distance of 110.34 feet; Thence South 00°04'48" West, a distance of 25.72 feet to the True Point of Beginning.

2. That portion deeded to Arlen Koehler and Donna R. Koehler by Deed recorded December 10, 1996 in Book 1580 as Reception No. 2524315, described as follows: A parcel of land located in the S1/2 of Section 16, Township 6 North, Range 67 West of the 6th P.M., Weld County, Colorado, being more particularly described as follows: Commencing at the South Quarter Corner of said Section 16 and considering the South line of the SW1/4 of said Section 16 to bear North 90°00'00" West with all bearings contained herein relative thereto; Thence North 58°15'39" West, a distance of 289.04 feet to a point on the West line of the Park Addition to the Town of Windsor and on a line 200 feet Northeasterly of the centerline of the Burlington Northern Railroad; Said point being the True Point of Beginning. Thence parallel with said railroad North 72°27'13" West, a distance of 44.59 feet; Thence North 00°04'48" East, a distance of 50.00 feet; Thence North 72°27'13" West, a distance of 147.80 feet; Thence North 69°27'42" East, a distance of 50.66 feet; Thence North 49°32'39" East, a distance of 41.06 feet; Thence North 43°25'15" East, a distance of 47.62 feet; Thence North 36°10'22" East, a distance of 21.71 feet; Thence North 30°35'02" East, a distance of 42.33 feet; Thence North 38°23'18" East, a distance of 12.77 feet; Thence South 00°11'37" West, a distance of 57.77 feet; Thence South 04°21'55" West, a distance of 39.89 feet; Thence South 00°07'41" West, a distance of 70.00 feet; Thence South 89°48'53" East, a distance of 33.34 feet to the West line of the Park Addition; Thence along said line South 00°11'37" West a distance of 83.33 feet to the True Point of Beginning.

3. That portion deeded to Amigo Farms, Inc., a Colorado Corporation by Deed recorded February 28, 1997 in Book 1593 as Reception No. 2534442, described as follows: A parcel of land being a part of Section 16, Township 6 North, Range 67 West of the 6th P.M., Town of Windsor, Weld County Colorado, and being more particularly described as follows: Beginning at the Southeast Corner of said Section 16 and assuming the South line of the SE1/4 of said Section 16 to bear North 90°00'00" West with all other bearings contained herein relative thereto: Thence North 90°00'00" West along said South line a distance of 1606.00 feet; Thence North 00°00'00" East a distance of 366.56 feet; Thence North 43°48'34" East a distance of 20.41 feet; Thence North 14°07'20" East a distance of 73.71 feet; Thence North 04°23'39" East a distance of 173.80 feet; Thence North 13°52'32" East a distance of 129.68 feet; Thence North 09°54'30" East a distance of 242.92 feet; Thence North 08°27'39" East a distance of 279.30 feet; Thence North 02°35'36" West a distance of 130.43 feet; Thence

  
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North 07°49'05" West a distance of 38.96 feet; Thence North 12°47'00" West a distance of 30.32 feet; Thence North 07°40'00" East a distance of 118.25 feet; Thence North 30°20'00" West a distance of 226.38 feet to the True Point of Beginning. Thence continuing North 30°20'00" West a distance of 473.62 feet; Thence North 44°15'00" West a distance of 640.58 feet; Thence South 27°46'47" East a distance of 40.99 feet; Thence South 39°07'08" East a distance of 337.43 feet; Thence South 48°28'20" East a distance of 288.07 feet; Thence South 32°12'45" East a distance of 447.47 feet to the True Point of Beginning.

4. That portion deeded to Amigo Farms, Inc., A Colorado Corporation by Deed recorded February 28, 1997 in Book 1593 as Reception No. 2535443, described as follows: A parcel of land being part of Section 16, Township 6 North, Range 67 West of the 6th P.M., Town of Windsor, Weld County, Colorado, and being more particularly described as follows: Beginning at the Southeast Corner of said Section 16 and assuming the South line of the SE1/4 of said Section 16 to bear North 90°00'00" West with all other bearings contained herein relative thereto: Thence North 90°00'00" West along said South line a distance of 1606.00 feet; Thence North 00°00'00" East a distance of 366.56 feet; Thence North 43°48'34" East a distance of 20.41 feet; Thence North 14°07'20" East a distance of 73.71 feet; Thence North 04°23'39" East a distance of 173.80 feet; Thence North 13°52'32" East a distance of 129.68 feet; Thence North 09°54'30" East a distance of 242.92 feet; Thence North 08°27'39" East a distance of 279.30 feet; Thence North 02°35'36" West a distance of 130.43 feet; Thence North 07°49'05" West a distance of 38.96 feet; Thence North 12°47'00" West a distance of 30.32 feet; Thence North 07°40'00" East a distance of 118.25 feet; Thence North 30°20'00" West a distance of 700.00 feet; Thence North 44°15'00" West a distance of 700.00 feet; Thence North 66°10'00" West a distance of 197.73 feet to the True Point of Beginning: Thence continuing North 66°10'00" West a distance of 202.27 feet; Thence North 85°15'00" West a distance of 600.00 feet; Thence North 71°30'00" West a distance of 300.00 feet; Thence North 56°45'00" West a distance of 480.00 feet; Thence North 51°15'00" West a distance of 628.48 feet; Thence South 17°36'32" East a distance of 139.35 feet; Thence South 55°29'52" East a distance of 956.24 feet; Thence South 62°33'00" East a distance of 112.33 feet; Thence South 70°14'13" East a distance of 170.56 feet; Thence South 77°02'02" East a distance of 181.50 feet; Thence South 89°38'24" East a distance of 288.75 feet; Thence South 81°59'24" East a distance of 406.98 feet to the True Point of Beginning.

5. That portion deeded to Amigo Farms, Inc., a Colorado Corporation by Deed recorded February 28, 1997 in Book 1593 as Reception 2535444 described as follows: A parcel of land being part of Section 16, Township 6 North, Range 67 West of the 6th P.M., Town of Windsor, Weld County, Colorado, and being more particularly described as follows: Beginning at the Southeast Corner of said Section 16 and assuming the South line of the SE1/4 of said Section 16 to bear North 90°00'00" West with all other bearings contained herein relative thereto: Thence North 90°00'00" West along the South line a distance of 1606.00 feet; Thence North 00°00'00" East a distance of 366.56 feet; Thence North 43°48'34" East a distance of 20.41 feet; Thence North 14°07'20" East a distance of 73.71 feet; Thence North 04°23'39" East a distance of 173.80 feet; Thence North 13°52'32" East a distance of 129.68 feet; Thence North 09°54'30" East a distance of 242.92 feet; Thence North 08°27'39" East a distance of 279.30 feet; Thence North 02°35'36" West a distance of 130.43 feet; Thence North 07°49'05" West a distance of 38.96 feet; Thence North 12°47'00" West a distance of 30.32 feet; Thence North 07°40'00" East a distance of 118.25 feet; Thence North 30°20'00" West a distance of 700.00 feet; Thence North 44°15'00"



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West a distance of 659.59 feet to the True Point of Beginning: Thence continuing North 44°15'00" West a distance of 40.41 feet; Thence North 66°10'00" West a distance of 72.21 feet; Thence South 58°20'14" East a distance of 110.73 feet to the True Point of Beginning.

Thence continuing North 44°15'00" West a distance of 40.41 feet; Thence North 66°10'00" West a distance of 72.21 feet; Thence South 58°20'14" East a distance of 110.73 feet to the True Point of Beginning.

PARCEL 2

A Parcel of land located in the S1/2 of Section 16, Township 6 North, Range 67 West of the 6th P.M., Weld County, Colorado, being more particularly described as follows: Commencing at the South Quarter Corner of said Section 16 and considering the South line of the SW1/4 of said Section 16 to bear North 90°00'00" West with all bearings contained herein relative thereto; Thence North 64°58'24" West, a distance of 544.36 feet; Thence North 72°27'13" West, a distance of 115.29 feet to the True Point of Beginning. Thence South 88°10'25" West, a distance of 103.40 feet; Thence South 65°45'16" West, a distance of 42.52 feet; Thence North 17°58'47" East, a distance of 62.96 feet; Thence 85.14 feet along the arc of a curve non-tangent to aforesaid line, said curve being concave to the Northeast, having a central angle of 00°26'00" and a radius of 11,259.16 feet, whose long chord bears South 72°14'13" East, a distance of 85.14 feet; Thence South 72°27'13" East, a distance of 43.64 feet to the True Point of Beginning.

PARCEL 3

A parcel of land located in the S1/2 of Section 16, Township 6 North, Range 67 West of the 6th P.M., Weld County, Colorado, being more particularly described as follows: Commencing at the South Quarter Corner of said Section 16 and considering the South line of the SW1/4 of said Section 16 to bear North 90°00'00" West with all bearings contained herein relative thereto: Thence North 62°34'04" West, a distance of 555.70 feet to the True Point of Beginning. Thence North 00°04'48" East, a distance of 24.28 feet; Thence South 72°27'13" East, a distance of 67.12 feet; Thence South 69°27'42" West, a distance of 10.61 feet; Thence South 89°39'45" West, a distance of 54.09 feet to the True Point of Beginning.

PARCEL 4

A parcel of land being part of Section 16, Township 6 North, Range 67 West of the 6th P.M., Town of Windsor, Weld County, Colorado and being more particularly described as follows: Beginning at the Southeast Corner of said Section 16 and assuming the South line of the SE1/4 of said Section 16 to bear North 90°00'00" West with all other bearings contained herein relative thereto: Thence North 90°00'00" West along said South line a distance of 1606.00 feet; Thence North 00°00'00" East a distance of 366.56 feet; Thence North 43°48'34" East a distance of 20.41 feet; Thence North 14°07'20" East a distance of 73.71 feet; Thence North 04°23'39" East a distance of 173.80 feet; Thence North 13°52'32" East a distance of 129.68 feet; Thence North 09°54'30" East a distance of 242.92 feet; Thence North 08°27'39" East a distance of 279.30 feet; Thence North 02°35'36" West a distance of 130.43 feet; Thence North 07°49'05" West a distance of 38.96 feet Thence North 12°47'00" West a distance of 30.32 feet; Thence North 07°40'00" East a distance of 118.25 feet;

Thence North 30°20'00" West a distance of 700.00 feet; Thence North 44°15'00" West a distance of 700.00 feet; Thence North 66°10'00" West a distance of 72.21 feet to the True Point of Beginning; Thence continuing North 66°10'00" West a distance of 125.52 feet; South 81°59'24" East a distance of 42.62 feet; South 58°20'14" East a distance of 85.31 feet to the True Point of Beginning.

PARCEL 5

A parcel of land being part of Section 16, Township 6 North, Range 67 West of the 6th P.M., Town of Windsor, Weld County, Colorado, and being more particularly described as follows; Beginning at the Southeast Corner of said Section 16 and assuming the South line of the SE1/4 of said Section 16 to bear North 90°00'00" West with all other bearings contained herein relative thereto: Thence North 90°00'00" West along said South line a distance of 1606.00 feet; Thence North 00°00'00" East a distance of 366.56 feet; Thence North 43°48'34" East a distance of 20.41 feet; Thence North 14°07'20" East a distance of 73.71 feet; Thence North 04°23'29" East a distance of 173.80 feet; Thence North 13°52'32" East a distance of 129.68 feet; Thence North 09°54'30" East a distance of 242.92 feet; Thence North 08°27'39" East a distance of 279.30 feet; Thence North 02°35'36" West a distance of 130.43 feet; Thence North 07°49'05" West a distance of 38.96 feet; Thence North 12°47'00" West a distance of 30.32 feet; Thence North 07°40'00" East a distance of 118.25 feet; Thence North 30°20'00" West a distance of 700.00 feet; Thence North 44°15'00" West a distance of 700.00 feet; Thence North 66°10'00" West a distance of 400.00 feet; Thence North 85°15'00" West a distance of 600.00 feet; Thence North 71°30'00" West a distance of 300.00 feet; Thence North 56°45'00" West a distance of 480.00 feet; Thence North 51°15'00" West a distance of 628.48 feet to the True Point of Beginning; Thence continuing North 51°15'00" West a distance of 83.30 feet; Thence North 74°49'35" East a distance of 46.19 feet; Thence South 17°36'32" East a distance of 67.39 feet to the True Point of Beginning.

PARCEL 6

A parcel of land being part of Section 16, Township 6 North, Range 67 West of the 6th P.M., Town of Windsor, Weld County, Colorado, and being more particularly described as follows: Beginning at the Southeast corner of said Section 16 and assuming the South line of the Southeast Quarter of said Section 16 to bear North 90°00'00" West with all other bearings contained herein relative thereto: Thence North 90°00'00" West along said South line a distance of 1606.00 feet; Thence North 00°00'00" East a distance of 366.56 feet; Thence North 43°48'34" East a distance of 20.41 feet; Thence North 14°07'20" East a distance of 73.71 feet; Thence North 04°23'39" East a distance of 173.80 feet; Thence North 13°52'32" East a distance of 129.68 feet; Thence North 09°54'30" East a distance of 242.92 feet; Thence North 08°27'39" East a distance of 279.30 feet; Thence North 02°35'36" West a distance of 130.43 feet; Thence North 07°49'05" West a distance of 38.96 feet; Thence North 12°47'00" West a distance of 30.32 feet; Thence North 07°40'00" East a distance of 118.25 feet; Thence North 30°20'00" West a distance of 49.91 feet to the True Point of Beginning; Thence continuing North 30°20'00" West a distance of 176.46 feet; Thence South 32°12'45" East a distance of 160.95 feet; Thence South 11°38'34" East a distance of 16.47 feet to the True Point of Beginning.

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PARCEL 7

A parcel of land being part of Section 16, Township 6 North, Range 67 West of the 6th P.M., Town of Windsor, Weld County, Colorado, being more particularly described as follows: Beginning at the Southeast Corner of said Section 16 and assuming the South line of the SE1/4 of said Section 16 to bear North 90°00'00" West with all other bearings contained herein relative thereto: Thence North 90°00'00" West along said South line a distance of 1606.00 feet; Thence North 00°00'00" East a distance of 366.56 feet; Thence North 43°48'34" East a distance of 20.41 feet; Thence North 14°07'20" East a distance of 73.71 feet; Thence North 04°23'39" East a distance of 173.80 feet; Thence North 13°52'32" East a distance of 129.68 feet; Thence North 09°54'30" East a distance of 242.92 feet; Thence North 08°27'39" East a distance of 279.30 feet; Thence North 02°35'36" West a distance of 130.43 feet; Thence North 07°49'05" West a distance of 38.96 feet; Thence North 12°47'00" West a distance of 30.32 feet; Thence North 07°40'00" East a distance of 118.25 feet; Thence North 30°20'00" West a distance of 700.00 feet; Thence North 44°15'00" West a distance of 640.58 feet to the True Point of Beginning: Thence continuing North 44°15'00" West a distance of 19.01 feet; Thence South 58°20'14" East a distance of 10.60 feet; Thence South 27°46'47" East a distance of 9.10 feet to the True Point of Beginning.



# PROMISSORY NOTE

Date: June 1, 2003  
Borrower: Kern Reservoir and Ditch Company  
Principal Amount: \$ 3,620,000  
Interest Rate: 5.10% per annum  
Term of Repayment: 30 years  
Loan Contract No.: C150118, dated June 1, 2003  
Loan Payment: \$238,177.33  
Payment Initiation Date\*: November 1, 2003  
Maturity Date\*: November 1, 2033

\* These two fields are filled in after the project has been substantially completed.

1. FOR VALUE RECEIVED, the BORROWER promises to pay the Colorado Water Conservation Board ("CWCB"), the Principal Amount plus Interest for the Term of Repayment, pursuant to the LOAN CONTRACT and this Promissory Note.
2. Principal and interest shall be payable in equal Loan Payments, with the first payment due and payable one year from the date the CWCB determines that the project is substantially complete (Payment Initiation Date), and annually thereafter until all principal, interest, and late charges, if any, have been paid in full, with all such principal, interest, and late charges, required to be paid on or before the Maturity Date.
3. Payments shall be made to the Colorado Water Conservation Board at 1313 Sherman Street, Room 721, Denver, Colorado 80203.
4. The CWCB may impose a late charge in the amount of 5% of the annual payment if the CWCB does not receive the annual payment within 15 calendar days of the due date.
5. This Note may be prepaid in whole or in part at any time without premium or penalty. Any partial prepayment shall not postpone the due date of any subsequent payments or change the amount of such payments.
6. All payments received shall be applied first to late charges, if any, next to accrued interest and then to reduce the principal amount.
7. This Note is issued pursuant to the LOAN CONTRACT between the CWCB and the BORROWER. The LOAN CONTRACT creates security interests in favor of the CWCB to secure the prompt payment of all amounts that may become due hereunder. Said security interests are evidenced by a Security Agreement and Deed of Trust of even date and amount and cover certain revenues and real property of the BORROWER. The LOAN CONTRACT, Security Agreement and Deed of Trust grant additional rights to the CWCB, including the right to accelerate the maturity of this Note in certain events.
8. If any annual payment is not paid when due or any default under the LOAN CONTRACT or the

## Appendix 2 to Loan Contract C150118

Security Agreement or Deed of Trust securing this Note occurs, the CWCB may declare the entire outstanding principal balance of the Note, all accrued interest, and any outstanding late charges immediately due and payable, and the indebtedness shall bear interest at the rate of 7% per annum from the date of default. The CWCB shall give the BORROWER written notice of any alleged default and an opportunity to cure within thirty (30) days of receipt of such notice before the BORROWER shall be considered in default for purposes of this Promissory Note.

9. The BORROWER and any co-signer or guarantor hereby agree that if this Note or interest thereon is not paid when due or if suit is brought, then it shall pay all reasonable costs of collection, including reasonable attorney fees. In the event of any bankruptcy or similar proceedings, costs of collection shall include all costs and attorney fees incurred in connection with such proceedings, including the fees of counsel for attendance at meetings of creditors' committees or other committees.

10. This Note shall be governed in all respects by the laws of the State of Colorado.

BORROWER: Kern Reservoir and Ditch  
Company, a Colorado nonprofit corporation

(SEAL)

By W. Wayne Miller  
W. Wayne Miller, President

Attest:

By Julie A. Chester  
Julie Chester, Corporate Secretary