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Deed of Trust

DATE: December 1, 2002

GRANTOR: KERN RESERVOIR AND DITCH COMPANY

BENEFICIARY: COLORADO WATER CONSERVATION BOARD

COUNTY: WELD COUNTY

PRINCIPAL LOAN AMOUNT: \$1,000,000

LOAN CONTRACT: Loan Contract No. C150112, dated December 1, 2002

TERMS: Interest of 5.10% per annum and repayment 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 6th 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.

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 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.

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



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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.

(SEAL)



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)

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State of Colorado)

The foregoing instrument was acknowledged before me this 19th day of November 2002, by W. Wayne Miller and Julie Chester, as President and Corporate Secretary, respectively, of Kern Reservoir and Ditch Company. Witness my hand and official seal.



My commission expires

8/22/2003

Cindy B. Gormley Notary Public

PROMISSORY NOTE

Date: December 1, 2002
Borrower: Kern Reservoir and Ditch Company
Principal Amount: \$1,000,000.00
Interest Rate: 5.1% per annum
Term of Repayment: 30 years
Loan Contract No. : C150112, dated December 1, 2002
Loan Payment: \$65,794.84
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.
 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, real property, water rights and/or accounts 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 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.

(SEAL)



BORROWER: 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