COLORADO
Colorado Water Conservation Board
Department of Natural Resources
1313 Sherman Street, Room 718
Denver, CO 80203
303-866-3441

February 24, 2020

Julesburg Irrigation District
315 Cedar Street, Suite 150
Julesburg, CO 80737

Subject: Loan Contract No. C153827
Loan Compliance Confirmation

Attached for your records are the original documents relative to the agreement between the Julesburg Irrigation District, and the Colorado Water Conservation Board (CWCB), Loan Contract No. C153827. The documents have been stamped "PAID IN FULL" denoting that the terms of the agreement have been satisfied in full by the District.

Should you have any questions, please contact me at Telephone No. (303) 866-3441, ext 3245 or email at lauren.miremont@state.co.us. If we can be of any further assistance to you in the near future, please let us know.

Sincerely,

Lauren Miremont
Finance Manager
Finance Section

Attachments

cc: CWCB Files

PROMISSORY NOTE

Date 12-30-98, 1998 Date of Substantial Completion Feb 1, 2000

1. **FOR VALUE RECEIVED**, the Julesburg Irrigation District ("BORROWER") promises to pay the State of Colorado Water Conservation Board ("STATE"), the principal sum of $510,469 plus interest at the rate of 3.75 percent per annum for a term of thirty years, pursuant to Loan Contract No. C153827 ("LOAN CONTRACT").

2. The first payment of $28,630.99 shall be due one year from the date that the State determines that the project is substantially complete, and annually thereafter until the entire principal sum, all accrued interest, and all late charges, if any, shall have been paid in full.

3. Payments shall be made payable to the Colorado Water Conservation Board and mailed to 1313 Sherman Street, Room 721, Denver, Colorado 80203.

4. If the STATE does not receive the annual payment within 15 calendar days of the due date, the State may impose a late charge in the amount of 5% of the annual payment.

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 STATE and the BORROWER. The LOAN CONTRACT creates security interests in favor of the STATE to secure the prompt payment of all amounts that may become due hereunder. The security interests, evidenced by a Security Agreement and a Deed of Trust, cover certain revenues and real property of the BORROWER. The LOAN CONTRACT, Security Agreement and Deed of Trust grant additional rights to the STATE, 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, Deed of Trust or Security Agreement securing this Note occurs, the STATE 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 15% per annum from the date of default. The STATE 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, any guarantor, and any other person who is now or may hereafter become primarily or secondarily liable for the payment of this Note or any portion thereof hereby agree that if this Note or interest thereon is not paid when due or 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.

The Julesburg Irrigation District

(SEAL)

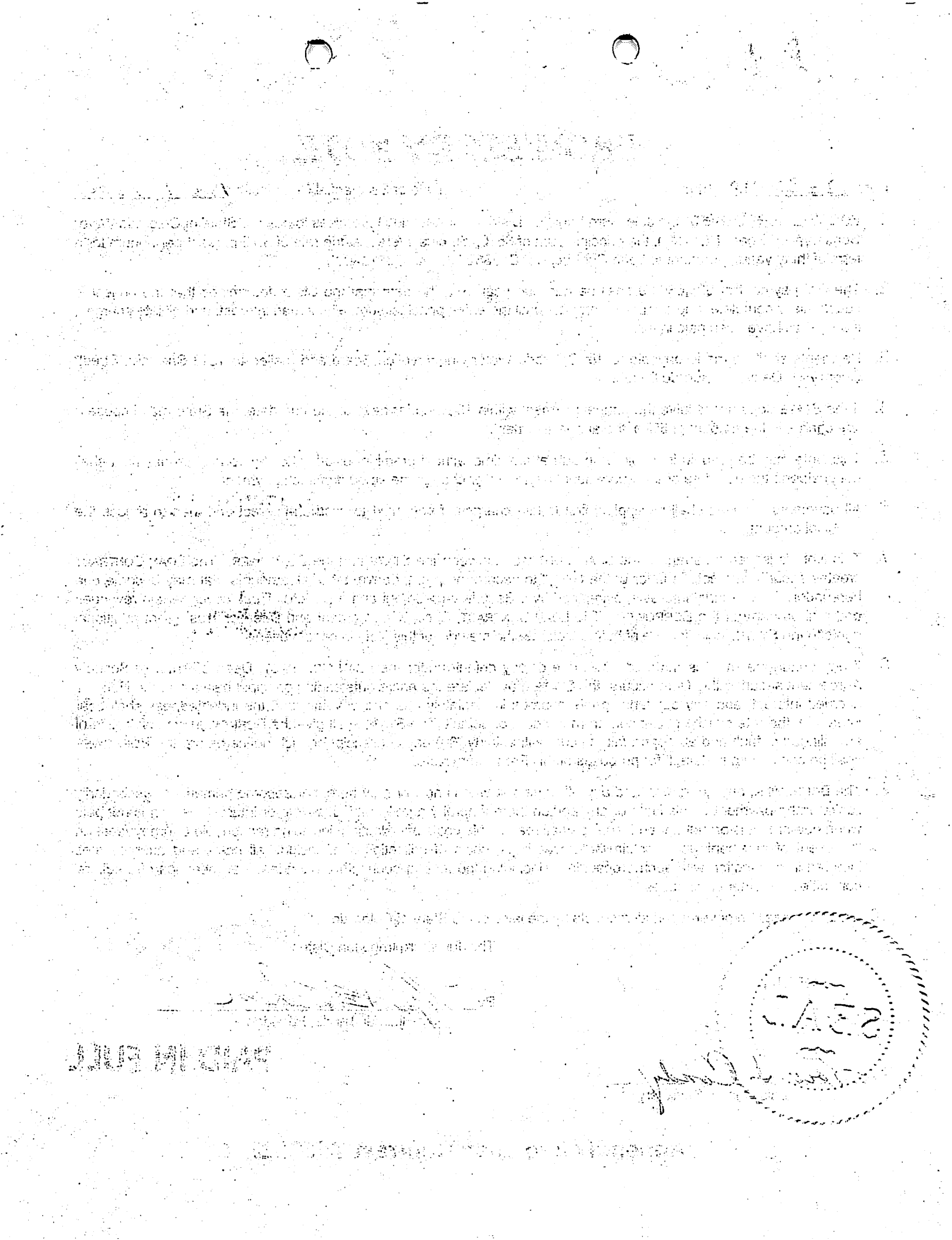
By Hjalmer Thode, President

ATTEST:

By Lois L Condy
Lois Condy, Secretary

PAID IN FULL

Appendix 2 to Loan Contract C153827



634385 03/25/1999 09:00A B922 P441 DT
1 of 3 R 16.00 D 0.00 N 0.00 Logan County CO

RECEIVED
MAR 30 1999
Colorado Water
Conservation Board

Deed of Trust

This indenture, made this 30 day of December 1998, between the Julesburg Irrigation District, whose address is 315 Cedar, Julesburg, Colorado 80737, hereinafter referred to as GRANTOR, and the Public Trustee of the County of Logan, State of Colorado, hereinafter referred to as PUBLIC TRUSTEE,

Witnesseth, that whereas, GRANTOR has executed a promissory note, which is a part of Contract No. C153827 (the Contract) for a loan in the principal sum of $510,469 to be repaid to the State of Colorado for the use and benefit of the Department of Natural Resources, Water Conservation Board, whose address is 1313 Sherman Street, Room 721, Denver, Colorado 80203, with interest thereon from the date of first disbursement of funds under the Contract at an interest rate of 3.75% per annum, payable in 30 annual installments, in accordance with the terms of the Promissory Note, or until the loan is paid in full.

And whereas, the GRANTOR is desirous of securing payment of the principal and interest of said promissory note to the State of Colorado.

Now, therefore, 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, to wit: The land underlying the Julesburg Reservoir located upon Sections Twelve (12), Thirteen (13), Fourteen (14), Twenty-Three (23), and Twenty-Four (24) in Township Eleven (11) North, Range Forty-Eight (48) West, 6th P.M., and Sections Six (6), Seven (7), Seventeen (17), Eighteen (18), and Nineteen (19) in Township Eleven (11) North, Range Forty-Seven (47) West, 6th P.M., and lying and being partly in both Logan County and Sedgwick County. Both Parties expressly agree that the collateral pledged herein shall not include any water rights or appropriations held in any manner by the Julesburg Irrigation District. Further, the collateral pledged herein shall exclude that portion of land underlying Julesburg Dam Number 4, which is pledged as collateral pursuant to Contract No. C153604 between Julesburg Irrigation District and the State of Colorado for the use and benefit of the Colorado Water Conservation Board, dated January 10, 1992. (collectively or hereinafter referred to as the "Property").

To have and to hold the same, together with all and singular the privileges and appurtenances thereunto belonging: In Trust nevertheless, that in case of default in the payment of said note, or any part thereof, or in the payment of the interest thereon, according to the tenor and effect of said note or in the payment of any prior encumbrances, principal or interest, if any, or in case default shall be made in or in case of violation or breach of any of the terms, conditions, covenants or agreements contained in the Contract, the beneficiary hereunder may declare a violation of any of the covenants contained in the Contract and elect to advertise said Property for sale, and demand such sale by filing a notice of such election and demand for sale with the PUBLIC TRUSTEE. Upon receipt of such notice of election and demand for sale, the PUBLIC TRUSTEE shall cause a copy of the same to be recorded in the recorder's office of the county in which said Property is situated, it shall and may be lawful for the PUBLIC TRUSTEE to sell and dispose of the same (en masse or in separate parcels, as the said PUBLIC TRUSTEE may think best), and all the right, title and interest of the GRANTOR, its successors or assigns therein, at public auction at such time and at such location as shall be designated in the PUBLIC TRUSTEE's Notice of Sale, for the highest and best price the same will bring in cash, four weeks public notice having been previously given of the time and place of such sale, advertisement once each week for five consecutive weeks, in some newspaper of general circulation at that time published in said county, a copy of which notice shall be mailed within ten days from the date of the first publication thereof to the GRANTOR at the address herein given and to such person or persons appearing to have acquired a subsequent record interest in said Property at the address given in the recorded instrument; where only the county and state is given as the address then such notice shall be mailed to the county seat, and to make and give to the purchaser of the Property at such sale, a certificate in writing describing the Property purchased, and the sum paid therefor, and the time when the purchaser (or other person entitled thereto) shall be entitled to the deed

5/4/99

therefor, unless the same shall be redeemed as is provided by law; and said PUBLIC TRUSTEE shall, upon demand by the person holding the said certificate of purchase, when said demand is made, or upon demand by the person entitled to a deed to and for the Property purchased, at the time such demand is made, the time for redemption having expired, make and execute to such person a deed to the Property purchased, which said deed shall be in the ordinary form of a conveyance, and shall be signed, acknowledged and delivered by the said PUBLIC TRUSTEE and shall convey and quitclaim to such person entitled to such deed, the Property purchased as aforesaid and all the right, title, interest, benefit and equity of redemption of the GRANTOR, its successors and assigns made therein, and shall recite the sum for which the said Property was sold and shall refer to the power of sale therein contained, and to the sale made by virtue thereof; and in case of an assignment of such certificate of purchase, or in case of the redemption of the Property, by a subsequent encumbrance, such assignment or redemption shall also be referred to in such deed; but the notice of sale need not be set out in such deed and the PUBLIC TRUSTEE shall, out of the proceeds or avails of such sale, after first paying and retaining all fees, charges and costs of making said sale, pay to the beneficiary hereunder the principal and interest due on said note according to the tenor and effect thereof, and all moneys advanced by such beneficiary or legal holder of said note for insurance, taxes and assessments, with interest thereon at ten per cent per annum, rendering the surplus, if any, unto the GRANTOR, its legal representatives or assigns; which sale and said deed so made shall be a perpetual bar, both in law and equity, against the GRANTOR, its successors and assigns, and all other persons claiming the Property, or any part thereof, by, from, through or under the GRANTOR, or any of them. The holder of said note may purchase Property or any part thereof; and it shall not be obligatory upon the purchaser at any such sale to see to the application of the purchase money.

And the GRANTOR, for itself and its successors or assigns covenants and agrees to and with the PUBLIC TRUSTEE, that at the time of the unsealing of and delivery of these presents it is well seized of the Property in fee simple except for the land located in Section 19, Township 11 North, Range 47 West, 6th P.M., which Grantor owns solely for purposes of operating the Julesburg Reservoir, and has good right, full power and lawful authority to grant, bargain, sell and convey the same in the manner and form as aforesaid; hereby fully and absolutely waiving and releasing all rights and claims it may have in or to said Property as a Homestead Exemption, or other exemption, under and by virtue of any act of the General Assembly of the State of Colorado, or as any exemption under and by virtue of any act of the United States Congress, now existing or which may hereafter be passed in relation thereto and that the same is free and clear of all liens and encumbrances whatever, and the above bargained Property 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, the GRANTOR shall and will Warrant and Forever Defend.

Until payment in full of the indebtedness, the GRANTOR shall timely pay all taxes and assessments levied on the Property; any and all amounts due on account of principal and interest or other sums on any senior encumbrances, if any; and will keep the Property insured in accordance with the requirements of the Contract. Should the GRANTOR fail to insure the Property in accordance with the Contract or to pay taxes or assessments as the same fall due, or to pay any amounts payable upon senior encumbrances, if any, the beneficiary may make any such payments or procure any such insurance, and all monies so paid with interest thereon at the rate of ten percent (10%) per annum shall be added to and become a part of the indebtedness secured by this Deed of Trust and may be paid out of the proceeds of the sale of the Property if not paid by the GRANTOR. In addition, and at its option, the beneficiary may declare the indebtedness secured hereby and this Deed of Trust to be in default for failure to procure insurance or make any further payments required by this paragraph. In the event of the sale or transfer of the Property, the beneficiary, at its option, may declare the entire balance of the note immediately due and payable.

And that in case of any default, whereby the right of foreclosure occurs hereunder, the PUBLIC TRUSTEE, the State as holder of the note, or the holder of a certificate of purchase, shall at once become entitled to the possession, use and enjoyment of the Property aforesaid, and to the rents, issues and profits thereof, from the accruing of such right and during the pendency of foreclosure proceedings and the period of redemption, if any there be, and such possession shall at once be delivered to the PUBLIC TRUSTEE, the State as holder of the note, or the holder of said certificate of purchase on request and on

refusal, the delivery of the Property may be enforced by the PUBLIC TRUSTEE, the State as holder of the note, or the holder of said certificate of purchase by an appropriate civil suit or proceeding, and the PUBLIC TRUSTEE, or the holder of said note or certificate of purchase, or any thereof, shall be entitled to a Receiver for said Property, and of the rents, issues and profits thereof, after such default, including the time covered by foreclosure proceedings and the period of redemption, if any there be, and shall be entitled thereto as a matter of right without regard to the solvency or insolvency of the GRANTOR or of the then owner of said Property and without regard to the value thereof, and such Receiver may be appointed by any court of competent jurisdiction upon ex parte application and without notice - notice being hereby expressly waived - and all rents, issues and profits, income and revenue therefrom shall be applied by such Receiver to the payment of the indebtedness hereby secured, according to the law and the orders and directions of the court.

And, that in case of default in any of said payments of principal or interest, according to the tenor and effect of said promissory note or any part thereof, or of a breach or violation of any of the covenants or agreements contained herein and in the Contract, by the GRANTOR, its personal representatives or assigns, then and in that case the whole of said principal sum hereby secured, and the interest thereon to the time of the sale, may at once, at the option of the legal holder thereof, become due and payable, and the said Property 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.

Cancelled FEB 1 0 2020 Public Trustee Logan County, CO

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 Contract shall extend to and be binding upon the heirs 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.

Executed the day and date first written above.

(SEAL)

The Julesburg Irrigation District

By Hjalmer Thode
Hjalmer Thode, President

ATTEST

By Lois J. Condy
Lois Condy, Secretary

State of Colorado)
) SS
County of ~~Logan~~ Sedgwick)

The foregoing instrument was acknowledged before me this 30 day of December 1998, by Hjalmer Thode as President and Lois Condy as Secretary of the Julesburg Irrigation District. Witness my hand and official seal.

Kristee J. Mollendor
Notary Public

My commission expires: 12-27-02

KRISTEE J. MOLLENDOR NOTARY PUBLIC STATE OF COLORADO

SCANNED, INDEXED
AND COMPARED

EWO

CWCB
ATTN: JAN Illian
1313 Sherman St Ste 721
Denver 80203

16.00 CK
9.00

AGENCY NAME: Water Conservation Board	
AGENCY NUMBER: PDA	
ROUTING NUMBER: #00038	

$510,469

LOAN CONTRACT

THIS CONTRACT, made this 26th day of JANUARY 1999 by and between the State of Colorado for the use and benefit of the Department of Natural Resources, Colorado Water Conservation Board ("CWCB"), hereinafter referred to as the STATE, and the **JULESBURG IRRIGATION DISTRICT**, 315 Cedar, Julesburg, Colorado 80737, hereinafter referred to as the BORROWER and/or CONTRACTOR.

FACTUAL RECITALS

A. Authority exists in the law, and funds have been budgeted, appropriated and otherwise made available and a sufficient unencumbered balance thereof remains available for payment in Fund Number 424, Organization YYYY, Appropriation EIA, Program WTRC, Object Code ~~5110~~ 5780, Reporting Category 3827, GBL J827, Contract Encumbrance Number **C153827**.

B. Required approval, clearance, and coordination have been accomplished from and with appropriate agencies.

C. Pursuant to the provisions of §§ 37-60-119 and 37-60-120, C.R.S., the STATE is authorized to loan money for the construction of water projects for the benefit of the people of the State provided that the borrower assures repayment of that money.

D. Section 37-60-122.6, C.R.S. authorizes the STATE to loan money from the Emergency Infrastructure Account for projects that it determines are necessary to avoid unreasonable risk of injury or damage to human health or well-being or to property or crops when the STATE also determines that the emergency condition is not the result of negligence in the operation or maintenance of the infrastructure and that the viability or success of the emergency project is not dependent upon further appropriations or loans.

PAID IN FULL

E. The BORROWER is a duly formed Colorado irrigation district governed by Articles 41 and 43 of Title 37, C.R.S., located in Logan County in the State of Colorado.

F. The BORROWER'S diversion structure, which is used in the spring to divert water from the river to fill the Julesburg Reservoir and to provide water for irrigation of surrounding farmlands, was destroyed by high water in June 1997. Without replacing the diversion structure, most district landowners will not receive irrigation water in 1999, which threatens the viability of their crops.

G. The BORROWER held an election on December 2, 1997, whereby its electors approved increasing the BORROWER'S debt by up to $510,469.00 for the purpose of constructing a new diversion structure in the South Platte River at the Harmony Ditch No. 1 Diversion, as shown on the BORROWER'S Special Election Official Return, which is incorporated herein by reference.

H. The BORROWER applied to the STATE for a loan from the Emergency Infrastructure Repair Account, to be used to finance the construction of a new diversion structure for the Harmony Ditch No. 1, hereinafter referred to as the PROJECT.

I. The STATE has reviewed a feasibility report compiled by Zoyoipoulos & Associates, which is incorporated herein by this reference, and, based upon the feasibility report, the STATE determined the PROJECT to be technically and financially feasible.

J. At its September 22-23, 1997 meeting, the CWCB approved a loan to the BORROWER in the amount of $590,000, which amount shall not exceed 75% of actual PROJECT costs, at an interest rate of 3.75% per annum for a term of 30 years, to finance PROJECT costs. The CWCB found that this loan qualified as an emergency loan because the PROJECT is necessary to avoid unreasonable risk of damage to crops and because the emergency condition is not the result of negligence in the operation or maintenance of the infrastructure.

K. The STATE now desires, by this contract, to loan money to the BORROWER for this PROJECT upon mutually agreeable terms and conditions, subject to the availability of funding for that purpose.

NOW THEREFORE, in consideration of the mutual and dependent covenants contained herein, the parties agree as follows:

A. The BORROWER agrees as follows:

1. **Construction Fund Program procedures.** The following items are procedures the BORROWER shall follow during the construction phase of the PROJECT.

   a. The BORROWER has employed an engineer, registered in the State of Colorado, hereinafter referred to as the CONSULTANT, who prepared plans and specifications for the PROJECT.

   b. The agreement between the BORROWER and the CONSULTANT and the plans and specifications have been submitted to the CWCB staff for verification of compliance with the terms of this contract. Any modifications to the plans and specifications must be approved in writing by the CWCB staff.

   c. CWCB staff has approved the award of the construction contract.

   d. The BORROWER has contracted for the construction of the work with a company, hereinafter referred to as CONSTRUCTION FIRM, which CONSTRUCTION FIRM was found acceptable by the CWCB staff.

   e. The BORROWER may be required by the CWCB to provide copies of executed construction contract documents consisting of the construction contract, performance bond, payment bond, notice of award, and notice to proceed. After CWCB staff verifies that these documents comply with the terms of this contract, BORROWER may issue the notice to proceed to the CONSTRUCTION FIRMS.

   f. The BORROWER shall conduct a pre-construction conference at which time the CWCB staff shall have the opportunity to review and approve the construction schedule.

   g. If the CWCB staff determines that the PROJECT requires a resident inspector during construction, the BORROWER shall employ an inspector who has been approved by the CWCB staff.

   h. The BORROWER shall construct the PROJECT in accordance with the approved plans and specifications.

   i. Upon completion of the PROJECT construction, the BORROWER shall provide as-built drawings of the PROJECT to the CWCB staff.

   j. Upon completion of the PROJECT construction, the BORROWER shall arrange a final inspection for the CWCB staff, CONSTRUCTION FIRM, and the CONSULTANT.

2. **Time for PROJECT completion.** The BORROWER recognizes that time is of the essence in the performance of all of its obligations under this contract. Therefore, the BORROWER shall commence with construction in order to complete the PROJECT no later than nine (9) months from the date of this contract. The time for completion of the PROJECT may be extended subject to the approval of the STATE. The BORROWER must provide, in writing, documented justification for any request for an extension within sixty (60) days prior to the end of the period for completion.

3. **Indemnification by the CONSTRUCTION FIRM.** The BORROWER shall require all CONSTRUCTION FIRMS and their subcontractors to indemnify the STATE and BORROWER against all liability and loss, and against all claims and actions based upon or arising out of damage or injury, including death, to persons or property, caused by any acts or omissions of those parties or sustained in connection with the performance of any contract related to the PROJECT or by conditions created thereby, or based upon any violation of any statute, ordinance, or regulation, and the defense of any such claims or actions.

4. **Liability insurance during construction**. The BORROWER shall require the CONSTRUCTION FIRM and its subcontractors to maintain, during the term of their contracts for construction of the PROJECT, the following insurance with a company that is satisfactory to the STATE:

   a. Worker's compensation and employer's liability insurance in the required statutory amounts.

   b. Automobile liability insurance which includes coverage for all owned, non-owned and hired vehicles with minimum limits of $1,000,000 combined single limit for bodily injury and property damage.

   c. Commercial general liability insurance with minimum limits of $1,000,000 combined single limit for each occurrence and $2,000,000 general aggregate. This insurance coverage shall include products/completed operations and personal injury.

   d. Builder's risk for construction in progress for all perils of loss including fire, wind, hail, and vandalismin an amount equal to the completed value of the PROJECT.

   Said general liability insurance shall name the BORROWER and the STATE as additional insured. An additional insured endorsement and a current copy of a certificate of said liability insurance must be provided to the STATE prior to beginning of construction and maintained until construction is complete. No payments shall be made to the BORROWER unless all insurance certificates are current. Notices of renewals of said policies shall also be filed with the STATE as they occur. During the time of construction, the STATE reserves the right to increase the above amount of insurance so that said amounts at a minimum correspond to the amounts established by Colorado Governmental Immunity Act, now and as hereafter amended.

5. **BORROWER'S indemnification of the STATE.** The BORROWER shall, without expense or legal liability to the STATE, manage, operate, and maintain the PROJECT continuously in an efficient and economical manner. The BORROWER agrees to indemnify and hold the STATE harmless from any liability incurred by the STATE as a result of the STATE'S interest in the PROJECT facilities.

6. **BORROWER'S liability insurance.** Upon execution of this contract and continuing until complete repayment of the loan is made to the STATE, the BORROWER shall maintain commercial general liability insurance with a company that is satisfactory to the STATE covering the management, operation, and maintenance of the PROJECT with minimum limits of $1,000,000 combined single limit for each occurrence and $2,000,000 general aggregate, including products/completed operations and

personal injury.

Said general liability insurance shall name the STATE as additional insured. A copy of a certificate of said insurance and an additional insured endorsement must be filed with the STATE. Evidence of current insurance coverage is to be provided as renewals occur. No loan funds shall be advanced by the STATE without evidence of said current coverage. Throughout the life of this contract, the STATE reserves the right to increase the above amount of insurance so that said amounts at a minimum correspond to the amounts established by the Colorado Governmental Immunity Act, now and as hereafter amended.

7. **BORROWER'S authority to contract**. Pursuant to its election held December 2, 1997, and to its statutory authority, the BORROWER'S Board of Directors has duly adopted a resolution that constitutes a legislative measure of the BORROWER and is irrepealable for the term of this loan contract, authorizing the BORROWER:

   a. To enter into and comply with the terms of this contract and promissory note;

   b. To pledge revenues from the BORROWER'S general funds in an amount sufficient to pay off the loan made under this contract;

   c. To set aside the pledged revenues each year to pay the annual installment in a special account, separate and apart from other revenues of the BORROWER;

   d. To make annual loan payments in accordance with the promissory note; and

   e. To establish a reserve debt service account by setting aside assessment revenues in the amount of one annual payment, and to replenish that fund anytime it is depleted;

   f. To execute a security agreement to convey a security interest to the STATE in the pledged revenues; and

   g. To execute a deed of trust to convey a security interest to the STATE in the property described in the Collateral Provisions herein.

   The BORROWER'S resolution is attached hereto as **Appendix 1** and incorporated herein. The actions of the BORROWER adopting said resolution and executing the necessary documents to convey the security interests required by this contract are conditions precedent to performance by the STATE under this contract.

PAID IN FULL

8. **Attorney's opinion letter.** Prior to the execution of this contract by the STATE, the BORROWER shall submit to the STATE a letter from its attorney stating that it is the attorney's opinion that the contract will be duly executed by officers of the BORROWER who are duly elected or appointed and are authorized to execute the contract and to bind the BORROWER; that the resolution of the BORROWER authorizing the execution and delivery of the contract was duly adopted by the governing body of the BORROWER; that there are no provisions in the Colorado Constitution or any other state or local law that prevent this contract from binding the BORROWER; and that the contract will be valid and binding against the BORROWER if entered into by the STATE.

9. **Promissory Note Provisions.** The Promissory Note setting forth the terms of repayment and evidencing this debt in the amount of up to $510,469 at an interest rate of 3.75% per annum for a term of 30 years is attached as **Appendix 2** and incorporated herein.

   a. **Revision Of Promissory Note.** In the event the BORROWER does not use all of the loan funds for

construction of the PROJECT, the Promissory Note may be adjusted in accordance with the Changes Provisions of this contract.

b. **Interest During Construction.** As the loan funds are disbursed by the STATE to the BORROWER during construction, interest shall accrue at the rate of 3.75%. The amount of the interest accrued during construction shall be calculated by the STATE and the BORROWER shall repay that amount to the STATE either within ten (10) days after the date the STATE determines that the PROJECT has been substantially completed, or, at the STATE'S discretion, the amount shall be deducted from the final disbursement of loan funds that the STATE makes to the BORROWER.

c. **Final loan amount.** In the event that the final loan amount is less than the authorized loan amount, the STATE shall apply the remaining loan funds to prepayment of the loan if the remaining funds equal less than 10% of the authorized loan amount. If the remaining loan funds equal more than 10% of the authorized loan amount, the STATE may apply those funds to prepayment of the loan with the BORROWER'S consent, or the parties may execute a REVISION LETTER as described below to document the final loan amount. When applying any remaining loan funds to prepayment of the loan, the STATE shall reamortize the actual amount disbursed over a reduced term, with the annual payment amount remaining unchanged.

10. **Changes.** The STATE may decrease the amount of the loan under this contract or extend the time for completion of the PROJECT through a REVISION LETTER, approved by the State Controller or his designee, in the form attached hereto as **Appendix 3**. The REVISION LETTER shall not be valid until approved by the State Controller or such assistant as he may designate. Upon proper execution and approval, the REVISION LETTER shall become an amendment to this contract and, except for the Special Provisions of the contract, the REVISION LETTER shall supersede the contract in the event of a conflict between the two. The parties understand and agree that the REVISION LETTER may be used only for decreasing the final loan amount or to extend the time for completion of the PROJECT. In the event that the parties execute the REVISION LETTER to decrease the amount of the loan, the parties shall amend the Promissory Note and all documents executed by the BORROWER to convey security interests to the STATE as required by this contract to reflect the decreased loan amount.

11. **Warranties.** The BORROWER warrants the following:

a. By acceptance of the loan money pursuant to the terms of this contract and by its representations herein, the BORROWER shall be estopped from asserting for any reason that it is not authorized or obligated to repay the loan money to the STATE as required by this contract.

b. The BORROWER has full power and authority to enter into this contract. The execution and delivery of this contract and the performance and observation of its terms, conditions and obligations have been duly authorized by all necessary actions of the BORROWER.

c. The BORROWER has not employed or retained any company or person, other than a bona fide employee working solely for the BORROWER, to solicit or secure this contract. The BORROWER has not paid or agreed to pay any person, company, corporation, individual, or firm, other than a bona fide employee, any fee, commission, percentage, gift, or other consideration contingent upon or resulting from the award or the making of this contract.

d. The collateral identified in the Collateral Provisions of this contract is not encumbered by any other liens or in any other manner.

e. The BORROWER hereby pledges sufficient annual revenues from the BORROWER'S general funds to pay the annual installment amount under this contract and the attached Promissory Note, and hereby agrees to establish a separate account into which said revenues shall be deposited.

12. **Pledge of revenues.** For the purpose of repayment of this loan, the BORROWER hereby irrevocably pledges from its general revenues (comprised of taxes and assessments) received each year an amount sufficient to pay the annual payment due under this contract.

   a. **Revenues for this loan are to be kept separate.** The BORROWER shall set aside and keep the pledged revenues in an account separate from other BORROWER revenues, and shall not use the pledged revenues for any purpose other than repayment of this loan.

   b. **Establish security interest in the revenues.** To provide a security interest to the STATE in the pledged revenues so that the STATE shall have priority over all other competing claims for said revenues, the BORROWER shall provide a properly executed Security Agreement, attached hereto as **Appendix 4** and incorporated herein.

   c. **Levy assessments for repayment of the loan.** The BORROWER shall, pursuant to its statutory authority and as authorized by its resolutions, take all necessary actions consistent therewith during the term of this contract to levy and collect assessments in amounts sufficient to pay this loan as required by this contract and the promissory note, to cover all expenditures for operation and maintenance and emergency repair services, and to maintain adequate debt service reserves.

   d. **Reserve Debt Service Account.** THE BORROWER shall deposit an amount equal to one annual payment into its reserve debt service account.

   e. **Additional Debts or Bonds.** The BORROWER shall not issue any indebtedness payable from the pledged revenues and having a lien thereon which is superior to the lien of this loan. The BORROWER may issue parity debt only with the prior written approval of the STATE, provided that:

      i. The BORROWER is currently and at the time of the issuance of the parity debt in substantial compliance with all of the obligations of this contract, including, but not limited to, being current on the annual payments due under this contract and in the accumulation of all amounts then required to be accumulated in the BORROWER'S reserve debt service account;

      ii. The BORROWER provides to the STATE a Parity Certificate from an independent certified public accountant certifying that, based on an analysis of the BORROWER'S revenues, excluding tap and/or connection fees, for 12 consecutive months out of the 18 months immediately preceding the date of issuance of such parity debt, the BORROWER'S revenues are sufficient to pay at least the annual debt service on all outstanding indebtedness having a lien on the pledged revenues, including this loan, the annual debt service on the proposed indebtedness to be issued, and all required deposits to any reserve funds required by this contract or by the lender(s) of any indebtedness having a lien on the pledged revenues. The analysis of revenues shall be based on the BORROWER'S current rate structure.

   The BORROWER acknowledges and understands that any request for approval of the issuance of parity debt must be reviewed and approved by the CWCB Executive Director prior to the issuance of any parity debt.

13. **Collateral.** Part of the security provided for this loan, evidenced by the executed Deed of Trust attached hereto as **Appendix 5** and incorporated herein, shall be the land underlying the Julesburg Reservoir located upon Sections Twelve (12), Thirteen (13), Fourteen (14), Twenty-Three (23), and Twenty-Four (24) in Township Eleven (11) North, Range Forty-Eight (48) West, 6th P.M., and Sections Six (6), Seven (7), Seventeen (17), Eighteen (18), and Nineteen (19) in Township Eleven (11) North, Range Forty-Seven (47) West, 6th P.M., and lying and being partly in both Logan County and Sedgwick County. Both Parties expressly agree that the collateral pledged herein shall not include

any water rights or appropriations held in any manner by the Julesburg Irrigation District. Further, the collateral pledged herein shall exclude that portion of land underlying Julesburg Dam Number 4, which is pledged as collateral pursuant to Contract No. C153604 between Julesburg Irrigation District and the State of Colorado for the use and benefit of the Colorado Water Conservation Board, dated January 10, 1992, referred to as "collateral."

14. **Collateral during repayment.** The BORROWER shall not sell, convey, assign, grant, transfer, mortgage, pledge, encumber, or otherwise dispose of any collateral for this loan, including the revenues pledged to repay the loan herein, so long as any of the principal and any accrued interest required by the promissory note provisions of the contract remain unpaid, without the prior written concurrence of the STATE. In the event of any such sale, transfer or encumbrance without the STATE'S written concurrence, the STATE may at any time thereafter declare all outstanding principal and interest on this loan immediately due and payable.

13. **Remedies for default.** Upon default in the payments herein set forth to be made by the BORROWER, or default in the performance by the BORROWER of any covenant or agreement contained herein, the STATE, at its option, may:

    a. declare the entire principal amount and accrued interest then outstanding immediately due and payable;

    b. incur and pay reasonable expenses for repair, maintenance, and operation of the PROJECT facilities herein described and such expenses as may be necessary to cure the cause of default, and add the amount of such expenditures to the principal of the loan amount;

    c. exercise its rights under the deed of trust, security agreement, and promissory note;

    d. take any other appropriate action.

    All remedies described herein may be simultaneously or selectively and successively enforced. The provisions of this contract may be enforced by the STATE at its option without regard to prior waivers of previous defaults by the BORROWER, through judicial proceedings to require specific performance of this contract, or by such other proceedings in law or equity as may be deemed necessary by the STATE to ensure compliance with provisions of this contract and the laws and regulations under which this contract is executed. The STATE'S exercise of any or all of the remedies described herein shall not relieve the BORROWER of any of their duties and obligations under this contract.

16. **In event of a conflict.** In the event of conflict between the terms and conditions as set forth in the any of the appendices, the provisions of this contract shall control.

17. **Progress reports.** The BORROWER shall, with the assistance of the CONSULTANT, prepare a periodic progress report which contains a statement of the PROJECT construction costs expended for that period and shall forward said statement to the STATE.

PAID IN FULL

18. **Periodic inspections.** The BORROWER shall permit the STATE to make periodic inspections of its construction, operations and accounts by a designated representative of the STATE. Any such inspections by the STATE are solely for the purpose of verifying compliance with the terms and conditions of the contract and shall not be construed nor interpreted as an approval of the actual design and/or construction of any element of the PROJECT.

19. **Adhere to applicable laws.** The BORROWER shall strictly adhere to all applicable federal, state, and local laws and regulations that are in effect or may hereafter be established throughout the term of this contract.

B. The STATE agrees as follows:

1. **Agreement to loan money.** The STATE agrees to loan to the BORROWER the principal amount of up to $510,469 at an interest rate of 3.75% per annum for a term of 30 years, as specified in the attached Promissory Note.

2. **Disbursements.** After receipt of the periodic progress report from the BORROWER, and review and acceptance of the items therein as eligible expenses as described below, the STATE will pay to the BORROWER the amount set forth in the report or such portion thereof as has been approved by the STATE. Such payment shall be made within thirty (30) days from the STATE's approval of each progress report.

3. **Release after loan is repaid.** Upon completion of repayment to the STATE of the entire principal and any accrued interest as specified in the attached Promissory Note, the STATE agrees to execute releases of the Security Agreement and Deed of Trust to terminate all of the STATE's rights in and to the revenues pledged to repay this loan and to the collateral.

C. The STATE and the BORROWER mutually agree as follows:

1. **Designated agent of the STATE.** The CWCB, which includes its agents and employees, is hereby designated as the agent of the STATE for the purpose of this contract.

2. **Contract is not assignable.** This contract is not assignable by the BORROWER except with the prior written approval of the STATE.

3. **Contract relationship.** The parties to this contract intend that the relationship between them contemplated by this contract is that of lender-borrower, not employer-employee. No agent, employee, or servant of the BORROWER shall be, or shall be deemed to be, an employee, agent, or servant of the STATE. The BORROWER will be solely and entirely responsible for its acts and the acts of its agents, employees, servants, engineering firms, construction firms, and subcontractors during the performance of this contract.

4. **Complete integration of all understandings.** This agreement is intended as the complete integration of all understandings between the parties. No prior or contemporaneous addition, deletion, or other amendment hereto shall have any force or effect whatsoever unless embodied herein in writing. No subsequent novation, renewal, addition, deletion, or other amendment hereto shall have any force or effect unless embodied in a written contract executed and approved pursuant to STATE fiscal rules.

PAID IN FULL

5. **Waiver.** The waiver of any breach of a term of this contract shall not be construed as a waiver of any other term, or of any subsequent breach of the same term.

6. **Eligible expenses.** PROJECT costs eligible for financing by the STATE shall be limited to 75% of the cost of the following items:

   a. Preparing final designs and specifications for the PROJECT.

   b. Preparing bid and construction contract documents.

   c. Preparing environmental assessment or environmental impact statements, and otherwise complying with the Federal National Environmental Policy Act.

   d. Complying with all federal, state, and local regulatory requirements, including the obtaining of all required permits.

   e. Land and water rights acquisitions needed for the PROJECT, including the necessary appraisals and evaluations.

   f. Fish and wildlife mitigation measures required by federal, state, or local laws and regulations.

   g. Actual construction as called for in the design documents and in change orders approved by the

STATE, the BORROWER, the CONSULTANT and the CONSTRUCTION FIRM.

h. Engineering services for construction management, including design and construction management for STATE-approved change orders.

i. Legal services for reviewing engineering services contracts, reviewing this contract, reviewing construction contract documents, and for complying with all federal, state, and local regulatory requirements. Legal services must be approved in advance by the STATE in writing to be eligible for financing by the STATE.

7. **STATE may release contract at its option.** In its sole discretion, the STATE may at any time give any consent, deferment, subordination, release, satisfaction, or termination of any or all of the BORROWER'S obligations under this contract, with valuable consideration, upon such terms and conditions as the STATE may determine to be:

   a. advisable to further the purposes of this contract or to protect the STATE'S financial interest therein, and

   b. consistent with both the statutory purposes of this contract and the limitations of the statutory authority under which it is made.

8. **Casualty and eminent domain.** If, at any time, during the term of this contract, (a) the BORROWER'S PROJECT facilities, including buildings, or any portion thereof, are damaged or destroyed, in whole or in part, by fire or other casualty, or (b) title to or use of the PROJECT facilities or any part thereof shall be taken under the exercise of the power of eminent domain, the BORROWER shall cause the net proceeds of any insurance claim or condemnation award to be applied to the prompt replacement, repair and restoration of the PROJECT facilities or any portion thereof. Any net proceeds remaining after such work has been completed shall be paid to the BORROWER. If the net proceeds are insufficient to pay the full cost of the replacement, repair and restoration, the BORROWER shall complete the work and pay any cost in excess of the net proceeds.

9. **Services of PROJECT available without discrimination.** The BORROWER shall make the services of said PROJECT available within its capacity to all qualified persons in the BORROWER'S service area without discrimination as to race, color, religion, or natural origin at reasonable charges (including assessments, taxes, or fees), whether for one or more classes of service, in accordance with a schedule of such charges formally adopted by the BORROWER through their ordinances or resolutions.

10. **Captions.** The captions and headings contained in this contract are for convenience and reference only and shall not be construed so as to define or limit the terms or provisions contracted herein.

11. **STATE'S approval.** This contract requires review and approval of plans, specifications, and various other technical and legal documents. The STATE'S review of these documents is only for the purpose of verifying the BORROWER'S compliance with this contract and shall not be construed or interpreted as a technical review or approval of the actual design or construction of the PROJECT. Notwithstanding any consents or approvals given to the BORROWER by the STATE on any such documents, the BORROWER and its CONSULTANT, in preparing any such documents, shall be solely responsible for the accuracy and completeness of any of said documents.

PAID IN FULL

12. **Addresses for mailing.** All notices, correspondence, or other documents required by this contract shall be delivered or mailed to the following addresses:

For the STATE:	For the BORROWER:
Colorado Water Conservation Board	Julesburg Irrigation District
Attn: Construction Fund Section	Attn: Superintendent
1313 Sherman Street, Room 721	315 Cedar
Denver, CO 80203	Julesburg, CO 80737

The parties agree that the Project is not a public work for purposes of Special Provision No.3.

D. SPECIAL PROVISIONS (6/97 version). State Fiscal Rule 3-1 requires the inclusion of these Special Provisions in every STATE contract, including grants.

Controller's Approval

1. This contract shall not be deemed valid until it shall have been approved by the Controller of the State of Colorado or such assistant as he may designate. This provision is applicable to any contract involving the payment of money by the STATE.

FUND AVAILABILITY

2. Financial obligations of the State of Colorado payable after the current fiscal year are contingent upon funds for that purpose being appropriated, budgeted, and otherwise made available.

BOND REQUIREMENT

3. If this contract involves the payment of more than fifty thousand dollars for the construction, erection, repair, maintenance, or improvement of any building, road, bridge, viaduct, tunnel, excavation or other public work for this STATE, the CONTRACTOR shall, before entering upon the performance of any such work included in this contract, duly execute and deliver to the STATE official who will sign the contract, a good and sufficient bond or other acceptable surety to be approved by said official in a penal sum not less than one-half of the total amount payable by the terms of this contract. Such bond shall be duly executed by a qualified corporate surety conditioned upon the faithful performance of the contract and in addition, shall provide that if the CONTRACTOR or his subcontractors fail to duly pay for any labor, materials, team hire, sustenance, provisions, provendor or other supplies used or consumed by such CONTRACTOR or his subcontractor in performance of the work contracted to be done or fails to pay any person who supplies rental machinery, tools, or equipment in the prosecution of the work the surety will pay the same in an amount not exceeding the sum specified in the bond, together with interest at the rate of eight per cent per annum. Unless such bond is executed, delivered and filed, no claim in favor of the CONTRACTOR arising under such contract shall be audited, allowed or paid. A certified or cashier's check or a bank money order payable to the Treasurer of the State of Colorado may be accepted in lieu of a bond. This provision is in compliance with C.R.S. 38-26-106.

INDEMNIFICATION

4. To the extent authorized by law, the CONTRACTOR shall indemnify, save, and hold harmless the STATE, its employees and agents, against any and all claims, damages, liability and court awards including costs, expenses, and attorney fees incurred as a result of any act or omission by the CONTRACTOR, or its employees, agents, subcontractors, or assignees pursuant to the terms of this contract.

PAID IN FULL

DISCRIMINATION AND AFFIRMATIVE ACTION

5. The CONTRACTOR agrees to comply with the letter and spirit of the Colorado Antidiscrimination Act of 1957, as amended, and other applicable law respecting discrimination and unfair employment practices (C.R.S. 24-34-402), and as required by Executive Order, Equal Opportunity and Affirmative Action, dated April 16, 1975. *Pursuant thereto, the following provisions shall be contained in all STATE contracts or sub-contracts.*

   During the performance of this contract, the CONTRACTOR agrees as follows:

   a. The CONTRACTOR will not discriminate against any employee or applicant for employment because of race, creed, color, national origin, sex, martial status, religion, ancestry, mental or physical handicap, or age. The CONTRACTOR will take affirmative action to insure that applicants are employed, and that employees are treated during employment, without regard to the above mentioned characteristics. Such action shall include, but not be limited to the following: employment upgrading, demotion, or transfer, recruitment or recruitment advertisings; lay-offs or terminations; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The CONTRACTOR agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the contracting officer setting forth provisions of this non-discrimination clause.

b. The CONTRACTOR will, in all solicitations or advertisements for employees placed by or on behalf of the CONTRACTOR, state that all qualified applicants will receive consideration for employment without regard to race, creed, color, national origin, sex, martial status, religion, ancestry, mental or physical handicap, or age.

c. The CONTRACTOR will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding, notice to be provided by the contracting officer, advising the labor union or workers' representative of the CONTRACTOR'S commitment under the Executive Order, Equal Opportunity and Affirmative Action, dated April 16, 1975, and of the rules, regulations, and relevant Orders of the Governor.

d. The CONTRACTOR and labor unions will furnish all information and reports required by Executive Order, Equal Opportunity and Affirmative Action of April 16, 1975, and by the rules, regulations and Orders of the Governor, or pursuant thereto, and will permit access to his books, records, and accounts by the contracting agency and the office of the Governor or his designee for purposes of investigation to ascertain compliance with such rules, regulations and orders.

e. A labor organization will not exclude any individual otherwise qualified from full membership rights in such labor organization, or expel any such individual from membership in such labor organization or discriminate against any of its members in the full enjoyment of work opportunity because of race, creed, color, sex, national origin, or ancestry.

f. A labor organization, or the employees or members thereof will not aid, abet, incite, compel or coerce the doing of any act defined in this contract to be discriminatory or obstruct or prevent any person from complying with the provisions of this contract or any order issued thereunder; or attempt, either directly or indirectly, to commit any act defined in this contract to be discriminatory.

g. In the event of the CONTRACTOR'S non-compliance with the non-discrimination clauses of this contract or with any of such rules, regulations, or orders, this contract may be canceled, terminated or suspended in whole or in part and the CONTRACTOR may be declared ineligible for further STATE contracts in accordance with procedures, authorized in Executive Order, Equal Opportunity and Affirmative Action of April 16, 1975 and the rules, regulations, or orders promulgated in accordance therewith, and such other sanctions as may be imposed and remedies as may be invoked as provided in Executive Order, Equal Opportunity and Affirmative Action of April 16, 1975, or by rules, regulations, or orders promulgated in accordance therewith, or as otherwise provided by law.

h. The CONTRACTOR will include the provisions of paragraphs (a) through (h) in every sub-contract and subcontractor purchase order unless exempted by rules, regulations, or orders issued pursuant to Executive Order, Equal Opportunity and Affirmative Action of April 16, 1975, so that such provisions will be binding upon each subcontractor or vendor. The CONTRACTOR will take such action with respect to any sub-contracting or purchase order as the contracting agency may direct, as a means of enforcing such provisions, including sanctions for non-compliance; provided, however, that in the event the CONTRACTOR becomes involved in, or is threatened with, litigation, with the subcontractor or vendor as a result of such direction by the contracting agency, the CONTRACTOR may request the State of Colorado to enter into such litigation to protect the interest of the State of Colorado.

PAID IN FULL

COLORADO LABOR PREFERENCE

6. a. Provisions of C.R.S. 8-17-101 & 102 for preference of Colorado labor are applicable to this contract if public works within the State are undertaken hereunder and are financed in whole or in part by State funds.

b. When construction contract for a public project is to be awarded to a bidder, a resident bidder shall be allowed a preference against a non-resident bidder from a state or foreign country equal to the preference given or required by the state or foreign country in which the non-resident bidder is a resident. If it is determined by the officer responsible for awarding the bid that compliance with this subsection .06 may cause denial of federal funds which would otherwise be available or would otherwise be inconsistent with requirements of federal law, this subsection shall be suspended, but only to the extent necessary to

prevent denial of the moneys or to eliminate the inconsistency with federal requirements (C.R.S. 8-19-101 and 102).

GENERAL

7. The laws of the State of Colorado and rules and regulations adopted pursuant thereto shall be applied in the interpretation, execution, and enforcement of this contract. Any provision of this contract whether or not incorporated herein by reference which provides for arbitration by any extra-judicial body or person or which is otherwise in conflict with said laws, rules, and regulations shall be considered null and void. Nothing contained in any provision incorporated herein by reference which purports to negate this or any other special provision in whole or in part shall be valid or enforceable or available in any action at law whether by way of complaint, defense or otherwise. Any provision rendered null and void by the operation of this provision will not invalidate the remainder of this contract to the extent that the contract is capable of execution.

8. At all times during the performance of this contract, the CONTRACTOR shall strictly adhere to all applicable federal and state laws, rules, and regulations that have been or may hereafter be established.

9. Pursuant to CRS 24-30-202.4 (as amended), the state controller may withhold debts owed to state agencies under the vendor offset intercept system for: (a) unpaid child support debt or child support arrearages; (b) unpaid balance of tax, accrued interest, or other charges specified in Article 22, Title 39, CRS; (c) unpaid loans due to the student loan division of the department of higher education; (d) owed amounts required to be paid to the unemployment compensation fund; and (e) other unpaid debts owing to the state or any agency thereof, the amount of which is found to be owing as a result of final agency determination or reduced to judgment as certified by the controller.

10. The signatories aver that they are familiar with C.R.S. 18-8-301, et seq., (Bribery and Corrupt Influences) and 18-8-401, et seq., (Abuse of Public Office), and that no violation of such provisions is present.

11. The signatories aver that to their knowledge, no state employee has any personal or beneficial interest whatsoever in the service or property described herein.

IN WITNESS WHEREOF, the parties hereto have executed this contract on the day first above written.

CONTRACTOR: The Julesburg Irrigation District

By _____
Hjalmer Thode, President

Federal ID Number: 84-6000185

Attest (Seal)

By _____
Lois Condy, Secretary

State of Colorado
Roy Romer, Governor

By _____
For the Executive Director
DEPARTMENT OF NATURAL RESOURCES
COLORADO WATER CONSERVATION BOARD
Peter H. Evans, Acting Director

PAID IN FULL

APPROVALS

ATTORNEY GENERAL

By _____
Gale A. Norton
Attorney General

James E. Martin
Assistant Attorney General
State Services Section

STATE CONTROLLER

By _____
APPROVAL:
STATE CONTROLLER
ARTHUR L. BARNHART

RESOLUTION

BE IT RESOLVED, that the Julesburg Irrigation District (the "District") shall enter into and comply with the terms of the Loan Contract No. C153827 ("Loan Contract") with the State of Colorado for the use and benefit of the Department of Natural Resources, Colorado Water Conservation Board, (the "State") in the form attached hereto as Exhibit 1;

BE IT FURTHER RESOLVED, that the President and Secretary are authorized to execute the Loan Contract on behalf of the District.

BE IT FURTHER RESOLVED, that the District, through the above officers, borrow, under the terms of the Loan Contract, the principal sum of $510,469.00;

BE IT FURTHER RESOLVED, that the District shall enter into and comply with the terms of the Promissory Note, attached hereto as Exhibit 2, whereby the District promises to pay the State the principal sum of $510,469 plus interest at the rate of 3.75 percent per annum for a term of thirty years, pursuant to the Loan Contract;

BE IT FURTHER RESOLVED, that the District shall pledge revenues from the District's general funds in an amount sufficient to pay off the loan made under the Loan Contract;

BE IT FURTHER RESOLVED, that the District shall set aside the pledged revenues each year to pay the annual installment in a special account, separate and apart from other revenues of the District;

BE IT FURTHER RESOLVED, that the District shall make annual loan payments in accordance with the promissory note;

BE IT FURTHER RESOLVED, that the District shall establish a reserve debt service account in the amount of one annual payment, and to replenish that fund anytime it is depleted;

BE IT FURTHER RESOLVED, that the District shall execute a security agreement to convey a security interest to the State in the pledged revenues; and

PAID IN FULL

BE IT FURTHER RESOLVED, that the District shall execute a deed of trust to convey a security interest to the State in the land underlying the Julesburg Reservoir;

BE IT FURTHER RESOLVED, that this RESOLUTION constitutes a legislative measure of the District and is irrepealable for the term of the Loan Contract.

I certify that the foregoing Resolution was duly adopted by the Board of Directors of the Julesburg Irrigation District at a special meeting of the Board held on December 28, 1998.

Lois I Condy

Secretary

Appendix 1 to Loan Contract C153827

I certify that on December 30, 1998, Hjalmer Thode and Lois I. Condy were the duly elected and acting President and Secretary, respectively, of our Julesburg Irrigation District.

Date: 12/30/98

Lois I. Condy
Secretary
Julesburg Irrigation District

PAID IN FULL

SAMPLE
REVISION LETTER
FOR CWCB LOAN CONTRACTS

Date:
Amendment #
In Accordance with the Changes Provision of Loan Contract Encumbrance No. ____, dated ___, between the State of Colorado Water Conservation Board ("State") and the ___ ("Contractor"), the undersigned agree

that the total amount loaned by the State to the Contractor pursuant to the Promissory Note attached to the Loan Contract as APPENDIX __ is decreased by $ amt of change to a new total of $____. Said Promissory Note and all documents executed by the Contractor to convey security interests to the State under said Loan Contract shall be revised to reflect this change.

OR

that the time for completion of the Project is extended by __ months, with a new completion date of ____. The _____ sentence in Paragraph _ is hereby modified accordingly.

This amendment to the contract is intended to be effective as of the date first written above but in no event shall it be deemed valid until it shall have been approved by the State Controller or such assistant as he may designate.

Contractor:
By_____
Name/Title

STATE OF COLORADO:
Roy Romer, Governor
By_____
For the Executive Director
Colorado Water Conservation Board

PAID IN FULL

For the STATE CONTROLLER
Clifford W. Hall

By_____
State Controller or Designee

SECURITY AGREEMENT

DEBTOR: The Julesburg Irrigation District
315 Cedar
Julesburg, Colorado 80737

FEDERAL ID NO: 84-6000185

SECURED PARTY: STATE OF COLORADO for the use and benefit of
The Department of Natural Resources, Colorado Water Conservation Board
1313 Sherman Street, Room 721
Denver, CO 80203

COUNTY: Logan (Code: 13)

COLLATERAL: Contract Rights (Code: 030)

DEBTOR, for consideration, hereby grants to SECURED PARTY a security interest in the following property and any and all additions, accessions and substitutions thereto or therefor, hereinafter called the COLLATERAL: Revenues from taxes and assessments pledged to repay the amount loaned to Debtor by Secured Party, as described in the Pledge of Revenues Provisions contained in Loan Contract No. C153827 (CONTRACT).

To secure payment of the indebtedness evidenced by certain Promissory Note which is a part of CONTRACT between the above named parties herewith, payable to the SECURED PARTY as follows: the loan amount of $510,469 with interest at a rate of 3.75% per annum, payable in 30 annual installments or until all principal, interest, and late charges, if any, are paid in full, in accordance with said Promissory Note.

DEBTOR EXPRESSLY WARRANTS AND COVENANTS:

1 . That except for the security interest granted hereby DEBTOR is, or to the extent that this agreement states that the COLLATERAL is to be acquired after the date hereof, will be, the owner of the COLLATERAL free from any adverse lien, security interest or encumbrances; and that DEBTOR will defend the COLLATERAL against all claims and demands of all persons at anytime claiming the same or any interest therein.

2 . That the execution and delivery of this agreement by DEBTOR will not violate any law or agreement governing DEBTOR or to which DEBTOR is a party.

3 . That, if DEBTOR is a corporation, its certificate and articles of incorporation and by-laws do not prohibit any term or condition of this agreement.

4 . That by its acceptance of the loan money pursuant to the terms of the CONTRACT and by its representations herein, DEBTOR shall be estopped from asserting for any reason that it is not authorized to grant a security interest in the COLLATERAL pursuant to the terms of this agreement.

PAID IN FULL

5 . To pay all taxes and assessments of every nature which may be levied or assessed against the COLLATERAL.

6 . To not permit or allow any adverse lien, security interest or encumbrance whatsoever upon the COLLATERAL and not to permit the same to be attached or replevined.

7 . That the DEBTOR will not use the COLLATERAL in violation of any applicable statutes, regulations, ordinances, articles of incorporation or by-laws.

UNTIL DEFAULT DEBTOR may have possession of the COLLATERAL, provided that DEBTOR keeps the COLLATERAL in an account separate from other revenues of DEBTOR and does not use the COLLATERAL for any purpose not permitted by the CONTRACT. Upon default, SECURED PARTY shall have the immediate right to the possession of the COLLATERAL.

DEBTOR SHALL BE IN DEFAULT under this agreement upon the happening of any of the following events or conditions:

a. default in the payment or performance of any obligation, covenant or liability contained or referred to herein or in any note evidencing the same;

b. the making or furnishing of any warranty, representation or statement to SECURED PARTY by or on behalf of DEBTOR which proves to have been false in any material respect when made or furnished;

c. loss, theft, damage, destruction, sale or encumbrance to or of any of the COLLATERAL, or the making of any levy seizure or attachment thereof or thereon;

d. death, dissolution, termination of existence, insolvency, business failure, appointment of a receiver of any part of the property of, assignment for the benefit of creditors by, or the commencement of any proceeding under any bankruptcy or insolvency law of, by or against DEBTOR or any guarantor or surety for DEBTOR.

UPON SUCH DEFAULT and at any time thereafter, or if it deems itself insecure, SECURED PARTY may declare all Obligations secured hereby immediately due and payable and shall have the remedies of a secured party under Article 9 of the Colorado Uniform Commercial Code. SECURED PARTY may require DEBTOR to deliver or make the COLLATERAL available to SECURED PARTY at a place to be designated by SECURED PARTY which is reasonably convenient to both parties. Expenses of retaking, holding, preparing for sale, selling or the like shall include SECURED PARTY'S reasonable attorney's fees and legal expenses. In the event court action is deemed necessary to enforce the terms and conditions set forth herein, said action shall only be brought in the District Court for the City and County of Denver, State of Colorado, and DEBTOR consents to venue and personal jurisdiction in said Court.

No default shall be waived by SECURED PARTY except in writing, and no waiver by SECURED PARTY of any default shall operate as a waiver of any other default or of the same default on a future occasion. The taking of this security agreement shall not waive or impair any other security said SECURED PARTY may have or hereafter acquire for the payment of the above indebtedness, nor shall the taking of any such additional security waive or impair this security agreement; but said SECURED PARTY shall retain its rights of set-off against DEBTOR.

All rights of SECURED PARTY hereunder shall inure to the benefit of its successors and assigns; and all promises and duties of DEBTOR shall bind its heirs, executors or administrators or its successors or assigns. If there be more than one DEBTOR, their liabilities hereunder shall be joint and several.

Executed this 30 day of December 1998.

DEBTOR: The Julesburg Irrigation District

SEAL

By Hjalmer Thode
Hjalmer Thode, President

ATTEST

By Lois L. Condy
Lois Condy, Secretary

PAID IN FULL

634385 03/25/1999 09:00A 22 P441 DT
1 of 3 R 16.00 D 0.00 N 0.00 Logan County CO

Deed of Trust

This indenture, made this 30 day of December 1998, between the Julesburg Irrigation District, whose address is 315 Cedar, Julesburg, Colorado 80737, hereinafter referred to as GRANTOR, and the Public Trustee of the County of Logan, State of Colorado, hereinafter referred to as PUBLIC TRUSTEE,

Witnesseth, that whereas, GRANTOR has executed a promissory note, which is a part of Contract No. C153827 (the Contract) for a loan in the principal sum of $510,469 to be repaid to the State of Colorado for the use and benefit of the Department of Natural Resources, Water Conservation Board, whose address is 1313 Sherman Street, Room 721, Denver, Colorado 80203, with interest thereon from the date of first disbursement of funds under the Contract at an interest rate of 3.75% per annum, payable in 30 annual installments, in accordance with the terms of the Promissory Note, or until the loan is paid in full.

And whereas, the GRANTOR is desirous of securing payment of the principal and interest of said promissory note to the State of Colorado.

Now, therefore, 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, to wit: The land underlying the Julesburg Reservoir located upon Sections Twelve (12), Thirteen (13), Fourteen (14), Twenty-Three (23), and Twenty-Four (24) in Township Eleven (11) North, Range Forty-Eight (48) West, 6th P.M., and Sections Six (6), Seven (7), Seventeen (17), Eighteen (18), and Nineteen (19) in Township Eleven (11) North, Range Forty-Seven (47) West, 6th P.M., and lying and being partly in both Logan County and Sedgwick County. Both Parties expressly agree that the collateral pledged herein shall not include any water rights or appropriations held in any manner by the Julesburg Irrigation District. Further, the collateral pledged herein shall exclude that portion of land underlying Julesburg Dam Number 4, which is pledged as collateral pursuant to Contract No. C153604 between Julesburg Irrigation District and the State of Colorado for the use and benefit of the Colorado Water Conservation Board, dated January 10, 1992. (collectively or hereinafter referred to as the "Property").

To have and to hold the same, together with all and singular the privileges and appurtenances thereunto belonging: In Trust nevertheless, that in case of default in the payment of said note, or any part thereof, or in the payment of the interest thereon, according to the tenor and effect of said note or in the payment of any prior encumbrances, principal or interest, if any, or in case default shall be made in or in case of violation or breach of any of the terms, conditions, covenants or agreements contained in the Contract, the beneficiary hereunder may declare a violation of any of the covenants contained in the Contract and elect to advertise said Property for sale, and demand such sale by filing a notice of such election and demand for sale with the PUBLIC TRUSTEE. Upon receipt of such notice of election and demand for sale, the PUBLIC TRUSTEE shall cause a copy of the same to be recorded in the recorder's office of the county in which said Property is situated, it shall and may be lawful for the PUBLIC TRUSTEE to sell and dispose of the same (en masse or in separate parcels, as the said PUBLIC TRUSTEE may think best), and all the right, title and interest of the GRANTOR, its successors or assigns therein, at public auction at such time and at such location as shall be designated in the PUBLIC TRUSTEE's Notice of Sale, for the highest and best price the same will bring in cash, four weeks public notice having been previously given of the time and place of such sale, advertisement once each week for five consecutive weeks, in some newspaper of general circulation at that time published in said county, a copy of which notice shall be mailed within ten days from the date of the first publication thereof to the GRANTOR at the address herein given and to such person or persons appearing to have acquired a subsequent record interest in said Property at the address given in the recorded instrument; where only the county and state is given as the address then such notice shall be mailed to the county seat, and to make and give to the purchaser of the Property at such sale, a certificate in writing describing the Property purchased, and the sum paid therefor, and the time when the purchaser (or other person entitled thereto) shall be entitled to the deed

therefor, unless the same shall be redeemed as is provided by law; and said PUBLIC TRUSTEE shall, upon demand by the person holding the said certificate of purchase, when said demand is made, or upon demand by the person entitled to a deed to and for the Property purchased, at the time such demand is made, the time for redemption having expired, make and execute to such person a deed to the Property purchased, which said deed shall be in the ordinary form of a conveyance, and shall be signed, acknowledged and delivered by the said PUBLIC TRUSTEE and shall convey and quitclaim to such person entitled to such deed, the Property purchased as aforesaid and all the right, title, interest, benefit and equity of redemption of the GRANTOR, its successors and assigns made therein, and shall recite the sum for which the said Property was sold and shall refer to the power of sale therein contained, and to the sale made by virtue thereof; and in case of an assignment of such certificate of purchase, or in case of the redemption of the Property, by a subsequent encumbrance, such assignment or redemption shall also be referred to in such deed; but the notice of sale need not be set out in such deed and the PUBLIC TRUSTEE shall, out of the proceeds or avails of such sale, after first paying and retaining all fees, charges and costs of making said sale, pay to the beneficiary hereunder the principal and interest due on said note according to the tenor and effect thereof, and all moneys advanced by such beneficiary or legal holder of said note for insurance, taxes and assessments, with interest thereon at ten per cent per annum, rendering the surplus, if any, unto the GRANTOR, its legal representatives or assigns; which sale and said deed so made shall be a perpetual bar, both in law and equity, against the GRANTOR, its successors and assigns, and all other persons claiming the Property, or any part thereof, by, from, through or under the GRANTOR, or any of them. The holder of said note may purchase Property or any part thereof; and it shall not be obligatory upon the purchaser at any such sale to see to the application of the purchase money.

And the GRANTOR, for itself and its successors or assigns covenants and agrees to and with the PUBLIC TRUSTEE, that at the time of the unsealing of and delivery of these presents it is well seized of the Property in fee simple except for the land located in Section 19, Township 11 North, Range 47 West, 6th P.M., which Grantor owns solely for purposes of operating the Julesburg Reservoir, and has good right, full power and lawful authority to grant, bargain, sell and convey the same in the manner and form as aforesaid; hereby fully and absolutely waiving and releasing all rights and claims it may have in or to said Property as a Homestead Exemption, or other exemption, under and by virtue of any act of the General Assembly of the State of Colorado, or as any exemption under and by virtue of any act of the United States Congress, now existing or which may hereafter be passed in relation thereto and that the same is free and clear of all liens and encumbrances whatever, and the above bargained Property 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, the GRANTOR shall and will Warrant and Forever Defend.

Until payment in full of the indebtedness, the GRANTOR shall timely pay all taxes and assessments levied on the Property; any and all amounts due on account of principal and interest or other sums on any senior encumbrances, if any; and will keep the Property insured in accordance with the requirements of the Contract. Should the GRANTOR fail to insure the Property in accordance with the Contract or to pay taxes or assessments as the same fall due, or to pay any amounts payable upon senior encumbrances, if any, the beneficiary may make any such payments or procure any such insurance, and all monies so paid with interest thereon at the rate of ten percent (10%) per annum shall be added to and become a part of the indebtedness secured by this Deed of Trust and may be paid out of the proceeds of the sale of the Property if not paid by the GRANTOR. In addition, and at its option, the beneficiary may declare the indebtedness secured hereby and this Deed of Trust to be in default for failure to procure insurance or make any further payments required by this paragraph. In the event of the sale or transfer of the Property, the beneficiary, at its option, may declare the entire balance of the note immediately due and payable.

And that in case of any default, whereby the right of foreclosure occurs hereunder, the PUBLIC TRUSTEE, the State as holder of the note, or the holder of a certificate of purchase, shall at once become entitled to the possession, use and enjoyment of the Property aforesaid, and to the rents, issues and profits thereof, from the accruing of such right and during the pendency of foreclosure proceedings and the period of redemption, if any there be, and such possession shall at once be delivered to the PUBLIC TRUSTEE, the State as holder of the note, or the holder of said certificate of purchase on request and on

refusal, the delivery of the Property may be enforced by the PUBLIC TRUSTEE, the State as holder of the note, or the holder of said certificate of purchase by an appropriate civil suit or proceeding, and the PUBLIC TRUSTEE, or the holder of said note or certificate of purchase, or any thereof, shall be entitled to a Receiver for said Property, and of the rents, issues and profits thereof, after such default, including the time covered by foreclosure proceedings and the period of redemption, if any there be, and shall be entitled thereto as a matter of right without regard to the solvency or insolvency of the GRANTOR or of the then owner of said Property and without regard to the value thereof, and such Receiver may be appointed by any court of competent jurisdiction upon ex parte application and without notice - notice being hereby expressly waived - and all rents, issues and profits, income and revenue therefrom shall be applied by such Receiver to the payment of the indebtedness hereby secured, according to the law and the orders and directions of the court.

And, that in case of default in any of said payments of principal or interest, according to the tenor and effect of said promissory note or any part thereof, or of a breach or violation of any of the covenants or agreements contained herein and in the Contract, by the GRANTOR, its personal representatives or assigns, then and in that case the whole of said principal sum hereby secured, and the interest thereon to the time of the sale, may at once, at the option of the legal holder thereof, become due and payable, and the said Property 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 Contract shall extend to and be binding upon the heirs 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.

Executed the day and date first written above.

(SEAL)

The Julesburg Irrigation District

By Hjalmer Thode
Hjalmer Thode, President

ATTEST

By Lois J. Condy
Lois Condy, Secretary

PAID IN FULL

State of Colorado)
) SS
County of ~~Logan~~ Sedgwick)

The foregoing instrument was acknowledged before me this 30 day of December 1998, by Hjalmer Thode as President and Lois Condy as Secretary of the Julesburg Irrigation District. Witness my hand and official seal.

Kristel J. Mollendor
Notary Public

My commission expires: 12-27-02

KRISTEL J. MOLLENDOR NOTARY PUBLIC STATE OF COLORADO

SCANNED, INDEXED
AND COMPARED

EW

CWCB
ATTN: JAN ILLIAN
1313 Sherman St Ste 721
Denver 80203

16.00 - CK
9.00