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

January 12, 2021

Central Colorado Water Conservancy District
3209 West 28th Street
Greeley, CO 80634-7554

Subject: Loan Contract No. C150117
Loan Compliance Confirmation

Attached for your records are the original documents relative to the agreement between the Central Colorado Water Conservancy District, and the Colorado Water Conservation Board (CWCB), Loan Contract No. C150117.The documents have been stamped "PAID IN FULL" denoting that the District has satisfied the terms of the agreement in full.

Should you have any questions, please contact me at Telephone No. (303) 866-3441, ext 3205 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

Lauren Miremont, Finance Manager
Finance Section

Attachments

cc: CWCB Files

UCC Financing Statement Amendment

Colorado Secretary of State
Date and Time: 01/06/2021 12:56:24 PM
Master ID: 20192107106
Validation Number: 20212001556
Amount: $8.00

Initial Financing Statement

File #: 20192107106 File Date: 11/19/2019 04:42:19 PM Filing office: Secretary of State

This amendment is a termination.

Authorizing Party (Secured Party): (Organization)

Name: STATE OF COLORADO WATER CONSERVATION BOARD
Address1: 1313 SHERMAN ST RM718
Address2:
City: DENVER State: CO ZIP/Postal Code: 80203
Province: Country: United States

UCC Financing Statement

Colorado Secretary of State
Date and Time: 11/19/2019 04:42:19 PM
Master ID: 20192107106
Validation Number: 20192107106
Amount: $8.00

Debtor: (Organization)

Name: CENTRAL COLORADO WATER CONSERVANCY DISTRICT
Address1: 3209 WEST 28TH STREET
Address2:
City: GREELEY State: CO ZIP/Postal Code: 80634
Province: Country: United States

Secured Party: (Organization)

Name: STATE OF COLORADO WATER CONSERVATION BOARD
Address1: 1313 SHERMAN ST RM718
Address2:
City: DENVER State: CO ZIP/Postal Code: 80203
Province: Country: United States

Collateral

Description:

SECURED PARTYS REVENUES PLEDGED TO REPAY LOAN OF $15,150,000.00 IN ACCORDANCE WITH LOAN CONRACT NO. C150117 AND PROMISSORY NOTE, DATED OCTOBER 1, 2003

BORROWER: CENTRAL COLORADO WCD
Contract No. C150117
Loan Amount $15,000,000

Agency Name: Water Conservation Board
Agency Number PDA
Routing Number: 04 PDA 00028

LOAN CONTRACT

THIS CONTRACT, made this October 1, 2003, by and between the State of Colorado for the use and benefit of the Department of Natural Resources, Colorado Water Conservation Board ("CWCB" and/or the "STATE"), and the Ground Water Management Subdistrict of the Central Colorado Water Conservancy District, 3209 West 28th Street, Greeley, Colorado 80634 ("BORROWER" and/or "CONTRACTOR").

FACTUAL RECITALS

1. 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 as follows: Fund Number 424, Organization YYYY, Appropriation Code L03, GBL C117, Program WTRC, Object Code 5560, Reporting Category 0117, Contract Encumbrance No. C150117.
2. Required approval, clearance, and coordination have been accomplished from and with appropriate agencies.
3. The **Project Summary**, attached as **Appendix 1** and incorporated herein, contains BORROWER Information (Section 1), the PROJECT Description (Section 2), CWCB's authority for making this loan (Section 3), and CWCB Approval and Legislative Authorization which defines the amount of the loan and the terms of repayment (Section 4).
4. The CWCB now desires, by this contract, to loan money to the BORROWER for this PROJECT upon mutually agreeable terms and conditions.

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

PAID IN FULL

A. LOAN PROVISIONS

1. **Contract Amendment Service Fees**. Under certain circumstances, the BORROWER shall be assessed fees for amending the contract.

   a. A service fee shall be imposed on the BORROWER for amendments processed for the benefit of the BORROWER and necessary for the BORROWER'S course of business, including, but not limited to, a change in borrower name (novation), assignment of contract, substitution of collateral, loan payment deferments in excess of 3 per loan, and loan consolidation. Amendments in the course of CWCB business, including, but not limited to, loan payment deferments (up to 3 per loan), and changes in terms of loan repayment will be processed at no additional charge to the BORROWER

   b. The amount charged shall be in accordance with the fee rate structure set forth in the CWCB Loan Service Charge Policy in effect at the time the BORROWER shall request an amendment. The current fee for an amendment is $1,000.

   c. The BORROWER shall remit the service fee to the CWCB prior to initiation of the

c. The BORROWER shall remit the service fee to the CWCB prior to initiation of the amendment. Any service fee remitted to the CWCB cannot be refunded.

2. **Promissory Note Provisions.** The CWCB agrees to loan to the BORROWER an amount not to exceed the LOAN AMOUNT and the BORROWER agrees to repay the loan in accordance with the terms as set forth in the Promissory Note, in the form attached hereto as **Appendix 2** and incorporated herein. The Promissory Note shall identify the LOAN AMOUNT. If the amount of loan funds disbursed by the CWCB to the BORROWER differs from the LOAN AMOUNT, the Parties agree to amend this contract to revise the LOAN AMOUNT.

3. **Interest Prior to PROJECT Completion.** As the loan funds are disbursed by the CWCB to the BORROWER, interest shall accrue at the rate set by the CWCB for this loan. The CWCB shall calculate the amount of the interest that accrued prior to substantial completion of the PROJECT and notify BORROWER of such amount. The BORROWER shall repay that amount to the CWCB either within ten (10) days from the date of notification from the CWCB, or, at the CWCB's discretion, said interest shall be deducted from the final disbursement of loan funds that the CWCB makes to the BORROWER.

4. **Return of Unused Loan Funds.** Any loan funds disbursed but not expended for the PROJECT in accordance with the terms of this contract shall be remitted to the CWCB within 30 calendar days from notification from the CWCB of either (1) completion of the PROJECT or (2) determination by the CWCB that the PROJECT will not be completed.

5. **Attorney's Opinion Letter.** Prior to the execution of this contract by the CWCB, the BORROWER shall submit to the CWCB a letter from its bond counsel stating that it is the attorney's opinion that

   a. the contract has been 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;

   b. the resolutions or ordinances of the BORROWER authorizing the execution and delivery of the contract were duly adopted by the governing bodies of the BORROWER;

   c. there are no provisions in the Colorado Constitution or any other state or local law that prevent this contract from binding the BORROWER;

   d. the contract will be valid and binding against the BORROWER if entered into by the CWCB; and

   e. the election held by the BORROWER to obtain voter approval of this loan met all requirements of the Colorado Constitution or any other state or local law.

6. **BORROWER's Authority To Contract.** The BORROWER warrants that it 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. The BORROWER's authorizing resolution adopted on July 15, 2003, is attached as **Appendix 3** and incorporated herein.

7. **Pledge of revenues.** The BORROWER irrevocably pledges to the CWCB, for purposes of repayment of this loan, revenues levied for that purpose as authorized in Appendix 3 and any other funds legally available to the BORROWER, in an amount sufficient to pay the annual payment due under this contract ("Pledged Revenues"). Further, the BORROWER agrees to:

   a. **Segregation of Pledged Revenues.** The BORROWER shall set aside and keep the Pledged Revenues in an account separate from other BORROWER revenues, and warrants that these revenues will not be used for any other purpose.

   b. **Establish Security Interest.** The BORROWER has duly executed a Security Agreement, attached hereto as **Appendix 4** and incorporated herein, to provide a security interest to the CWCB in the Pledged Revenues. The CWCB shall have priority over all other competing claims for said revenues, except for the liens of the BORROWER'S existing loans as listed in Section 5 (Schedule of Existing Debt), of the **Project Summary**, which sets forth the position of the lien created by this contract in relation to any pre-existing lien(s).

   c. **Rate Covenant.** Pursuant to its statutory authority and as permitted by law, the BORROWER shall take all necessary actions consistent therewith during the term of this contract to establish, levy and collect taxes as described in Appendix 3, in amounts sufficient to pay this loan as required by the terms of 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, including obtaining voter approval, if necessary, of increases in the BORROWER'S rate schedule or taxes, if applicable.

   d. **Debt Service Reserve Account.** To establish and maintain the debt service reserve account, the BORROWER shall deposit an amount equal to one-tenth of an annual payment into its debt service reserve fund on the due date of its first annual loan payment and annually thereafter for the first ten years of repayment of this loan. In the event that the BORROWER applies funds from this account to repayment of the loan, the BORROWER shall replenish the account within ninety (90) days of withdrawal of the funds. PAID IN FULL

   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 CWCB, 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 debt service reserve fund;

      ii. The BORROWER provides to the CWCB a Parity Certificate from an independent certified public accountant certifying that, based on an analysis of the BORROWER'S revenues, 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 its annual operating and maintenance expenses, 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 or the rate structure most recently adopted. No more than 10% of total revenues may originate from tap and/or connection fees.

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

f. **Annual Statement of Debt Coverage.** Each year during the term of this contract, the BORROWER shall submit to the CWCB an annual audit report and a certificate of debt service coverage from a Certified Public Accountant.

8. **Collateral During Loan Repayment**. The BORROWER shall not sell, convey, assign, grant, transfer, mortgage, pledge, encumber, or otherwise dispose of the Pledged Revenues, so long as any of the principal, accrued interest, and late charges, if any, on this loan remain unpaid, without the prior written concurrence of the CWCB. In the event of any such sale, transfer or encumbrance without the CWCB's written concurrence, the CWCB may at any time thereafter declare all outstanding principal, interest, and late charges, if any, on this loan immediately due and payable.

9. **Release After Loan Is Repaid.** Upon complete repayment to the CWCB of the entire principal, all accrued interest, and late charges, if any, as specified in the Promissory Note, the CWCB agrees to release and terminate any and all of the CWCB's right, title, and interest in and to the revenues pledged to repay this loan.

10. **Warranties.**

a. The BORROWER warrants that, by acceptance of the loan under 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 to the CWCB as required by this contract.

b. The BORROWER warrants that it 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 and 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.

c. The BORROWER warrants that the Pledged Revenues and collateral for this loan are not encumbered by any other deeds of trust or liens of any party other than the CWCB or in any other manner, except for any pre-existing lien(s) identified in Section 5 (Schedule of Existing Debt) of the **Project Summary**, which sets forth the position of the lien created by this contract in relation to any pre-existing lien(s). Documentation establishing the relative priorities of said liens, if necessary, is attached to the **Project Summary** and incorporated herein.

11. **Remedies For Default.** Upon default in the payments to be made by the BORROWER under this contract, or default in the performance of any covenant or agreement

contained herein, the CWCB, at its option, may:

a. suspend this contract and withhold further loan disbursements pending corrective action by the BORROWER, and if the BORROWER does not cure the default as provided for below, permanently cease loan disbursements and deem the PROJECT substantially complete;

b. exercise its rights under any appendices to this contract, including, but not limited to, the Promissory Note, Security Agreement, and/or any instrument securing collateral; and/or

c. take any other appropriate action.

The CWCB shall provide written notice to the BORROWER of any such default and shall give the BORROWER an opportunity to cure within thirty (30) days of receipt of such notice. All remedies described herein may be simultaneously or selectively and successively enforced. The CWCB may enforce the provisions of this contract 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 CWCB to ensure compliance with provisions of this contract and the laws and regulations under which this contract is executed. The CWCB's exercise of any or all of the remedies described herein shall not relieve the BORROWER of any of its duties and obligations under this contract.

12. **BORROWER's Liability Insurance.**

a. Upon execution of this contract and continuing until complete repayment of the loan is made to the CWCB, the BORROWER shall maintain general liability insurance 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.

b. Because the BORROWER is a "public entity" within the meaning of the Colorado Governmental Immunity Act, CRS 24-10-101, et seq., as amended ("Act"), the BORROWER shall at all times maintain such liability insurance, by commercial policy or self-insurance as is necessary to meet its liabilities under the Act.

PAID IN FULL

c. Prior to the disbursement of any loan funds, the BORROWER shall provide the CWCB with an Acord Form 27 or other form satisfactory to the CWCB evidencing said insurance and shall provide the CWCB with documentation of renewals of said insurance.

13. **Additional Contract Requirements**. Any additional contract requirements are set forth in Additional Contract Requirement (Section 6) of the **Project Summary**.

B. PROJECT PROVISIONS

1. **Construction Fund Program Procedures.** During the completion of the PROJECT, the BORROWER shall adhere to the CWCB Construction Fund Program Procedures (Section 7) of the **Project Summary**.

2. **Eligible Expenses.** The PROJECT expenses for which the BORROWER is eligible for loan disbursements are listed in Eligible Expenses (Section 8) of the **Project Summary**.

3. **Loan Disbursements.** The CWCB shall disburse loan funds in accordance with the Disbursement Schedule (Section 9) of the **Project Summary**.

4. **Time for Performance.** The BORROWER recognizes that time is of the essence in the performance of all of its obligations under this contract. Therefore, the BORROWER shall complete the PROJECT within the time specified in Time for Performance (Section 10) of the **Project Summary**.

5. **Indemnification By The Construction Firm.** The BORROWER shall require all Construction Firms and their subcontractors to indemnify the CWCB and the 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.

6. **Liability Insurance During Construction**. During construction of the PROJECT, the BORROWER shall require the construction firm(s) and any subcontractors to maintain the following insurance coverage in the limits shown during the term of their contracts for the construction of the PROJECT. The BORROWER shall provide the CWCB with an Acord Form 27 evidencing said insurance prior to commencement of construction, maintained until construction is complete, and shall provide the CWCB with documentation of renewals of said insurance. No payments shall be made to the BORROWER unless all insurance certificates are current.

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

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

   c. Automobile liability insurance that 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.

   d. 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 bodily injury/property damage.

C. GENERAL PROVISIONS

1. **Periodic Inspections.** Throughout the term of this contract, the BORROWER shall permit a designated representative of the CWCB to make periodic inspections of the PROJECT. Such inspections shall cover the condition of the PROJECT, operating records, maintenance records, and financial records. These inspections are solely for the

purpose of verifying compliance with the terms and conditions of this contract and shall not be construed nor interpreted as an approval of the actual design, construction or operation of any element of the PROJECT facilities

2. **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.

3. **Designated Agent Of The CWCB.** The CWCB's employees are designated as the agents of the CWCB for the purpose of this contract.

4. **Assignment.** The BORROWER may not assign this contract except with the prior written approval of the CWCB.

5. **Contract Relationship.** The parties to this contract intend that the relationship between them under 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 CWCB. The BORROWER shall be solely and entirely responsible for its acts and the acts of its agents, employees, servants, engineering firms, construction firms, and subcontractors during the term of this contract.

6. **Integration Of Terms.** This contract 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, unless expressly provided for herein.

7. **Controlling Terms.** In the event of conflicts or inconsistencies between the terms of this contract and conditions as set forth in any of the appendices, such conflicts or inconsistencies shall be resolved by reference to the documents in the following order of priority: (1) Colorado Special Provisions, (2) the remainder of this contract, and (3) the Appendices.

PAID IN FULL

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, or to repayment of this loan. Any net proceeds remaining after such work has been completed or this loan has been repaid, shall be retained by the BORROWER. If the net insurance 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. In the event BORROWER chooses to repay the loan, BORROWER shall remain responsible for the full loan amount outstanding regardless of the amount of such insurance proceeds or condemnation award.

9. **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.

10. **CWCB's Approval.** This contract requires review and approval of plans, specifications, and various other technical and legal documents. The CWCB's review of these documents is only for the purpose of verifying 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 CWCB on any such documents, BORROWER and any of its consultants, by preparing any such documents, shall be solely responsible for the accuracy and completeness of any of said documents.

11. **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.

12. **Addresses for mailing.** All notices, correspondence, or other documents required by this contract shall be delivered or mailed to the addresses shown in the **Project Summary**, Section 1 for the BORROWER and to the address below for the CWCB:

    Colorado Water Conservation Board
    Attn: Construction Fund Section
    1313 Sherman Street, Room 721
    Denver, CO 80203

SPECIAL PROVISIONS (7/03 version). State Fiscal Rule 3-1 requires the inclusion of these Special Provisions in every STATE contract, including grants.

(For Use Only with Inter-Governmental Contracts)

1. CONTROLLER'S APPROVAL. CRS 24-30-202 (1)

PAID IN FULL

This contract shall not be deemed valid until it has been approved by the Controller of the State of Colorado or such assistant as he may designate.

2. FUND AVAILABILITY. CRS 24-30-202 (5.5)

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.

3. INDEMNIFICATION.

To the extent authorized by law, the contractor shall indemnify, save, and hold harmless the State 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.

No term or condition of this contract shall be construed or interpreted as a waiver, express or implied, of any of the immunities, rights, benefits, protection, or other provisions for the parties, of the Colorado Governmental Immunity Act, CRS 24-10-101 *et seq.* or the Federal Tort Claims Act, 28 U.S.C. 2671 *et seq.* as applicable, as now or hereafter amended.

4. INDEPENDENT CONTRACTOR. 4 CCR 801-2

THE CONTRACTOR SHALL PERFORM ITS DUTIES HEREUNDER AS AN INDEPENDENT CONTRACTOR AND NOT AS AN EMPLOYEE. NEITHER THE CONTRACTOR NOR ANY AGENT OR EMPLOYEE OF THE CONTRACTOR SHALL BE OR SHALL BE DEEMED TO BE AN AGENT OR EMPLOYEE OF THE STATE. CONTRACTOR SHALL PAY WHEN DUE ALL REQUIRED EMPLOYMENT TAXES AND INCOME TAX AND LOCAL HEAD TAX ON ANY MONIES PAID BY THE STATE PURSUANT TO THIS CONTRACT. CONTRACTOR ACKNOWLEDGES THAT THE CONTRACTOR AND ITS EMPLOYEES ARE NOT ENTITLED TO UNEMPLOYMENT INSURANCE BENEFITS UNLESS THE CONTRACTOR OR THIRD PARTY PROVIDES SUCH COVERAGE AND THAT THE STATE DOES NOT PAY FOR OR OTHERWISE PROVIDE SUCH COVERAGE. CONTRACTOR SHALL HAVE NO AUTHORIZATION, EXPRESS OR IMPLIED, TO BIND THE STATE TO ANY AGREEMENTS, LIABILITY, OR UNDERSTANDING EXCEPT AS EXPRESSLY SET FORTH HEREIN. CONTRACTOR SHALL PROVIDE AND KEEP IN FORCE WORKERS' COMPENSATION (AND PROVIDE PROOF OF SUCH INSURANCE WHEN REQUESTED BY THE STATE) AND UNEMPLOYMENT COMPENSATION INSURANCE IN THE AMOUNTS REQUIRED BY LAW, AND SHALL BE SOLELY RESPONSIBLE FOR THE ACTS OF THE CONTRACTOR, ITS EMPLOYEES AND AGENTS.

5. NON-DISCRIMINATION.

The contractor agrees to comply with the letter and the spirit of all applicable state and federal laws respecting discrimination and unfair employment practices.

6. CHOICE OF LAW.

The laws of the State of Colorado and rules and regulations issued 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.

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.

7. Software Piracy Prohibition Governor's Executive Order

PAID IN FULL

No State or other public funds payable under this Contract shall be used for the acquisition, operation or maintenance of computer software in violation of United States copyright laws or applicable licensing restrictions. The Contractor hereby certifies that, for the term of this Contract and any extensions, the Contractor has in place appropriate systems and controls to prevent such improper use of public funds. If the State determines that the Contractor is in violation of this paragraph, the State may exercise any remedy available at law or equity or under this Contract, including, without limitation, immediate termination of the Contract and any remedy consistent with United States copyright laws or applicable licensing restrictions.

8. EMPLOYEE FINANCIAL INTEREST. CRS 24-18-201 & CRS 24-50-507

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

THE PARTIES HERETO HAVE EXECUTED THIS CONTRACT

CONTRACTOR: Groundwater Management Subdistrict of the Central Colorado Water Conservancy District

By _____
James Reasoner, President

Federal ID Number: 84-6049901

(SEAL)

Attest

By _____
Thomas V. Cech, Secretary

State of Colorado
Bill Owens, Governor

By _____
For the Executive Director
Department of Natural Resources
Colorado Water Conservation Board
Rod Kuharich, Director

Legal Review:
KEN SALAZAR, ATTORNEY GENERAL

By _____

ALL CONTRACTS MUST BE APPROVED BY THE STATE CONTROLLER

CRS 24-30-202 requires that the State Controller approve all state contracts. This contract is not valid until the State Controller, or such assistant as he may delegate, has signed it. The contractor is not authorized to begin performance until the contract is signed and dated below. If performance begins prior to the date below, the State of Colorado may not be obligated to pay for the goods and/or services provided.

Arthur L. Barnhart, State Controller

By _____

Effective Date 10/31/03

PAID IN FULL

Project Summary – Central Colorado WCD – Contract 150117

SECTION 1 –BORROWER INFORMATION

Name:	Ground Water Management Subdistrict of the Central Colorado Water Conservancy District
Address:	3209 West 28th Street Greeley, CO 80634
Contact:	Thomas V. Cech, Executive Director
Email:	Tcech@juno.com
Phone Number:	303-825-0474 Fax Number: 303-330-4546
Type of Entity:	Central Colorado Water Conservancy District was authorized under the Water Conservancy Act of 1937. The BORROWER (Ground Water Management Subdistrict) was formed on April 23, 1973, to provide an augmentation program for well owners in the area. The BORROWER held an election on November 5, 2002, whereby voters approved increasing the BORROWER'S debt by up to $20,000,000 (with a maximum repayment cost of $39,563,800) to be used for the purpose of purchasing senior water rights and constructing gravel pit storage and water recharge facilities, as shown on the BORROWER'S Official Ballot and Official Election Results, which are incorporated herein by reference.

SECTION 2 – PROJECT DESCRIPTION

PAID IN FULL

Description of PROJECT: The BORROWER has operated an augmentation plan in Adams, Weld and Morgan counties since 1973, and covers an annual depletion of 22,260 acre-feet. The 2001 Colorado Supreme Court decision concerning Empire Lodge (Case 00-SA-211) now makes it necessary for the BORROWER to acquire additional senior water rights and build more storage and water recharge facilities to augment out-of-priority diversion. The BORROWER was authorized under the Water Conservancy Act of 1937 and has the power to acquire water rights, construct and operate facilities, levy taxes, and issue debt subject to the provisions of TABOR. The BORROWER applied for a $15,000,000 loan to purchase senior water rights and construct gravel pit storage and water recharge facilities to provide increased augmentation water supplies for its members (PROJECT). The estimated total cost of the PROJECT is $22,000,000.

Description of Feasibility Study: The CWCB has reviewed a feasibility study report on the PROJECT entitled *"Feasibility Study for Acquisition of Water Rights and Water Storage"* dated July 2002, compiled by the Ground Water Management Subdistrict of the Central Colorado Water Conservancy District, which is incorporated herein by reference, and, based upon the feasibility report, the CWCB determined the PROJECT to be technically and financially feasible.

Appendix 1 to Loan Contract C150117

SECTION 3 – CWCB'S AUTHORITY

***Construction Fund*:** This loan is made pursuant to the provisions of §§ 37-60-119 and 37-60-120, C.R.S., which authorize the CWCB to loan money for water projects from the CWCB Construction Fund for the benefit of the people of the state, provided that the borrower assures repayment of that money.

SECTION 4 - BOARD APPROVAL AND LEGISLATIVE AUTHORIZATION (IF NEEDED)

A. At its November 2002, meeting, the CWCB approved a loan to the BORROWER in an amount up to $15,000,000, not to exceed 90% of the costs of the Project, at an interest rate of 2.75% per annum for a repayment term of 30 years.

B. Pursuant to SB03-110, Section 1(a), the Colorado General Assembly authorized CWCB to loan to the BORROWER an amount up to $15,000,000 for the PROJECT. Furthermore, this loan can be used to refinance the wholly or partially completed PROJECT.

SECTION 5 – SCHEDULE OF EXISTING DEBT

BORROWER'S existing debt consists of Limited Tax Water Conservancy Bonds (Bonds), principal amount of $10,000,000, dated April 17, 2003. Based upon the July 10, 2003 letter from George K. Baum & Company and the Certificate of Compliance provided by the BORROWER, both of which are incorporated herein by reference, certifying that the BORROWER has met the parity requirements of the Bonds, the CWCB's lien on the pledged revenues shall be on a parity with the Bonds' lien.

SECTION 6 – ADDITIONAL CONTRACT REQUIREMENTS

The BORROWER must provide an appraisal or written opinion of value of water rights purchased prior to obtaining the CWCB loan funds. The appraisal or opinion of value will be provided in accordance with Section 7(L) below.

SECTION 7 – CONSTRUCTION FUND PROGRAM PROCEDURES

A. The BORROWER shall employ an engineer, registered in the state of Colorado to prepare plans and specifications for the PROJECT.

B. The BORROWER'S and the Engineering Consultant's Agreements and the plans and specifications must be submitted to the CWCB staff for verification of compliance with the terms of this Contract when available prior to bidding. Any modifications to the plans and specifications must be approved in writing by the CWCB staff.

C. For plans and specifications for all jurisdictional dams and reservoirs, as defined by § 37-87-105 C.R.S., the BORROWER shall provide a letter of approval from the State Engineer's Office prior to construction.

D. CWCB staff must be present at bidding and must approve the award of the construction contract.

E. The BORROWER shall contract for the construction of the work with responsible and capable Construction Firms, which said Construction Firms shall be selected by the BORROWER and found acceptable by the CWCB staff.

F. The BORROWER must provide a copy of the executed construction contract documents

consisting of the contractor's proposal, construction contract, performance bond, payment bond, notice of award, notice to proceed, sample change order, and sample field order, as well as the advertisement for bid and bid bond at bidding. After the CWCB staff verifies that these documents comply with the terms of this contract, the BORROWER may issue the notice to proceed to the Construction Firms.

G. 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.

H. 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.

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

J. Upon completion of the PROJECT construction, the BORROWER shall provide as-built drawings of the PROJECT to the CWCB staff, or, if required by § 37-87-105, C.R.S., the BORROWER shall provide the as-built drawings to the State Engineer's Office for approval and filing.

K. Upon completion of the PROJECT construction, the BORROWER shall arrange a final inspection for the CWCB staff.

L. The BORROWER must submit a written appraisal or opinion of value from a qualified water rights appraiser supporting the purchase price prior to disbursal of loan funds.

M. The BORROWER shall pay all of the expenses related to the PROJECT when such bills are due.

SECTION 8 – ELIGIBLE EXPENSES. The following items are eligible for loan disbursements.

PAID IN FULL

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

F. Actual construction as called for in the design documents and in change orders approved by the CWCB and the BORROWER.

G. Engineering services for construction management, including design and construction management for CWCB-approved change orders.

H. Interest during completion of the PROJECT pursuant to Paragraph A.3 herein.

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.

J. Engineering associated with the feasibility report prepared as a requirement for this loan and associated with evaluating the suitability of the water rights for purchase by the BORROWER.

K. Purchase of the water rights.

L. PROJECT-related expenses incurred prior to the Effective Date of this contract in accordance with the legislative approval of this loan.

SECTION 9 – DISBURSEMENT SCHEDULE

The BORROWER shall provide to the CWCB (1) documentation of PROJECT-related expenses incurred to date or (2) periodic progress reports containing a statement of the PROJECT costs expended for that period. . After receipt of the documentation or periodic progress report from the BORROWER, and review and acceptance of the items therein as eligible expenses as described below, the CWCB will pay to the BORROWER the amount set forth in the documentation or report or such portion that has been approved by the CWCB. Such payment shall be made within thirty (30) days from the CWCB's approval of each progress report.

SECTION 10 – TIME FOR PERFORMANCE

PROJECT Beginning: Effective Date of this Contract, which occurs upon execution of this contract by the State Controller or his designee

PROJECT Finish: Three (3) years from Effective Date

PAID IN FULL

PROMISSORY NOTE

Date:	October 1, 2003
Borrower:	Ground Water Management Subdistrict of the Central Colorado Water Conservancy District
Principal Amount:	$15,000,000
Interest Rate:	2.75% per annum
Term of Repayment:	30 years
Loan Contract No.:	C150117, dated October 1, 2003
Loan Payment:	$740,766.30
Payment Initiation Date*:	June 1, 2005
Maturity Date*:	June 1, 2035

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

1. FOR VALUE RECEIVED, the BORROWER promises to pay the Colorado Water Conservation Board ("CWCB"), the Principal Amount plus Interest for the Term of Repayment, pursuant to the LOAN CONTRACT and this Promissory Note.

2. Principal and interest shall be payable in equal Loan Payments, with the first payment due and payable one year from the date the CWCB determines that the project is substantially complete (Payment Initiation Date), and annually thereafter until all principal, interest, and late charges, if any, have been paid in full, with all such principal, interest, and late charges, required to be paid on or before the Maturity Date.

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

4. The CWCB may impose a late charge in the amount of 5% of the annual payment if the CWCB does not receive the annual payment within 15 calendar days of the due date.

PAID IN FULL

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 of even date and amount and cover certain revenues, real property, water rights and/or accounts of the

BORROWER. The LOAN CONTRACT and Security Agreement grant additional rights to the CWCB.

8. The CWCB shall give the BORROWER written notice of any alleged default and an opportunity to cure within thirty (30) days of receipt of such notice before the BORROWER shall be considered in default for purposes of this Promissory Note.

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

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

BORROWER: Ground Water Management Subdistrict of the Central Colorado Water Conservancy District

(SEAL)

By James Reasoner
James Reasoner, President

Attest:

By Thomas V. Cech
Thomas V. Cech, Secretary

PAID IN FULL

RESOLUTION

A RESOLUTION TO ENTER INTO A LOAN CONTRACT WITH THE STATE OF COLORADO, COLORADO WATER CONSERVATION BOARD IN THE PRINCIPAL AMOUNT OF $15,000,000 FOR 1) THE PURCHASE OF WATER RIGHTS, 2) THE CONSTRUCTION AND IMPROVEMENT OF WATER STORAGE RESERVOIRS FOR STORAGE, DROUGHT MITIGATION, WATER CONSERVATION, OPEN SPACE AND RECREATIONAL PURPOSES, AND 3) THE DEVELOPMENT OF WATER RECHARGE FACILITIES FOR AUGMENTATION PURPOSES; PLEDGING CERTAIN REVENUES TO SERVICE SUCH DEBT; PROVIDING FOR MATTERS AND RATIFYING ACTION PREVIOUSLY TAKEN RELATING THERETO; AND PROVIDING THE EFFECTIVE DATE OF SUCH RESOLUTION

WHEREAS, the Ground Water Management Subdistrict of the Central Colorado Water Conservancy District in Weld, Adams and Morgan Counties, Colorado (the "Subdistrict"), is a quasi-municipal corporation and political subdivision of the State of Colorado (the "State"), acting pursuant to the provisions of Article 45 of Title 37, C.R.S. (the "Water Conservancy Act"), and established for the purpose of providing the beneficial use of water, conservation of water and construction of works within the Subdistrict; and

WHEREAS, on November 5, 2002, the voters of the Subdistrict approved a Bond Ballot Question calling for an increase in Subdistrict Taxes in an amount not to exceed $1,620,000 annually, and an increase in Subdistrict debt up to $20,000,000, with a maximum repayment cost not to exceed $39,563,800 for the purpose of 1) purchasing or leasing water rights, 2) the construction and improvement of water storage reservoirs for storage, drought mitigation, water conservation, open space and recreational purposes, and 3) for the construction and improvement of water recharge facilities for augmentation purposes; and

WHEREAS, on April 17, 2003 the Subdistrict issued Limited Tax Water Conservancy Bonds in the aggregate principal amount of $10,000,000; and

WHEREAS, the Subdistrict intends to borrow $15,000,000 from the State of Colorado, Colorado Water Conservation Board and, to apply this sum to the beneficial uses approved by the voters on November 5, 2002; and

WHEREAS, the Subdistrict intends to secure the loan contemplated herein through the pledge of Subdistrict mil levy revenues and specific ownership taxes, such pledge to be in parity with the pledge made to secure the Limited Tax Water Conservancy Bonds issued April 17, 2003;

WHEREAS, the Board of Directors (the "Board") of the Subdistrict has determined that the interests of the Subdistrict and the public interest or necessity

demand the consummation of the loan transaction contemplated herein for the purposes approved by the voters November 5, 2002;

THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE GROUND WATER MANAGEMENT SUBDISTRICT OF THE CENTRAL COLORADO WATER CONSERVANCY DISTRICT IN THE COUNTIES OF WELD, ADAMS AND MORGAN, AND THE STATE OF COLORADO:

1. The Subdistrict shall endeavor to secure a loan from the State of Colorado, acting for the use and benefit of the Department of Natural Resources, Colorado Water Conservation Board, in the principal amount of $15,000,000, at a rate of interest of 2.75% per annum, for a term of 30 years, for the purpose of 1) purchasing water rights, 2) the construction and improvement of water storage reservoirs for storage, drought mitigation, water conservation, open space and recreational purposes, 3) for the construction and improvement of water recharge facilities for augmentation, and 4) for such other and further purposes as are consistent with Bond Ballot Question passed November 5, 2002 (the "Loan").

2. Proceeds from the Loan shall be applied as follows: 1) up to $10,000,000 may be applied to refund outstanding Limited Tax Water Conservancy Bonds issued April 17, 2003; 2) up to $10,000,000 may be applied the 1) purchase of water rights, 2) the construction and improvement of water storage reservoirs for storage, drought mitigation, water conservation, open space and recreational purposes, 3) to the construction and improvement of water recharge facilities for augmentation, 4) to the reimbursement of legal and other costs incurred as a result of the loan transaction, and 4) to such other and further purposes as are consistent with Bond Ballot Question passed November 5, 2002.

PAID IN FULL

3. The Loan shall be secured by "Pledged Revenues." "Pledged Revenues" shall consist of a) the "Limited Mil Levy;" b) "Specific Ownership Taxes;" and c) any other legally available moneys. The "Limited Mil Levy" is generally defined as an ad valorem mil levy (a mil being equal to 1/10 of 1 cent) imposed on all taxable property in the Subdistrict each year in an amount sufficient to pay the principal and interest due on the Loan and all other operating costs of the Subdistrict; provided however that such mil levy shall not exceed 6 mils, except as permitted by the Water Conservancy Act. The "Specific Ownership Taxes" pledged to the Loan are the specific ownership taxes received by the Subdistrict. Specific ownership taxes are set by the state, collected by counties, and distributed to every taxing entity within a county in proportion that the taxing entity's ad valorem taxes represents of the cumulative amount of ad valorem taxes levied county-wide.

4. The Loan shall be a limited tax general obligation of the Subdistrict, payable from the Pledged Revenues and the District pledges its full faith and credit to the payment of principal of, premium, if any, and interest on the Loan. The Loan and any Parity Obligations, together with the interest thereon and any premium due in connection therewith, shall be payable solely from and to the extent of the Pledged

Revenues, and the Pledged Revenues are hereby pledged to the payment of the Loan and any Parity Obligations. The Loan shall constitute an irrevocable lien upon the Pledged Revenues, in parity with the pledge securing the Limited Tax Water Conservancy Bonds issued April 17, 2003, but not necessarily an exclusive such lien. Nothing herein shall be construed to require the Subdistrict to levy an ad valorem property tax for payment of the Loan in excess of the Limited Mill Levy. The Loan shall not constitute a debt or indebtedness of the Counties, the State or any political subdivision of the State other than the Subdistrict.

5. The amounts necessary to pay all costs and expenses incidental to the Loan and to pay the principal of, premium, if any, and interest on the Loan and any Parity Obligations when due are hereby appropriated for said purposes, and such amounts as appropriate for each year shall also be included in the annual budget and the appropriation bills to be adopted and passed by the Board in each year, respectively, until the Loan and any Parity Obligations have been fully paid, satisfied and discharged.

6. It shall be the duty of the Board, annually, at the time and in the manner provided by law for levying other Subdistrict taxes, to ratify and carry out the provisions hereof with reference to the levying and collection of taxes; and the Board shall levy, certify and collect said taxes in the manner provided by law for the purpose of paying the principal of, premium, if any, and interest on the Loan and any Parity Obligations.

7. Nothing herein shall be interpreted to prohibit or limit the ability of the Subdistrict to use legally available moneys other than the proceeds of ad valorem property taxes to pay all or any portion of the principal of or interest on the Loan. If and to the extent such other legally available moneys are used to pay the principal of or interest on the Loan, the Subdistrict may, but shall not be required to, (i) reduce the amount of taxes levied for such purpose or (ii) use proceeds of taxes levied to reimburse the fund or account from which such other legally available moneys are withdrawn for the amount withdrawn from such fund or account to pay the principal of or interest on the Bonds. If the District selects alternative (ii) in the immediately preceding sentence, the taxes levied shall include amounts sufficient to fund the reimbursement.

8. Pledged Revenues in an amount sufficient to service the Loan shall be kept in an account separate from other Subdistrict Revenues, and shall not used for any purpose other than Loan debt service. Such account shall also serve as the Subdistrict's Debt Service Reserve Account, and the Subdistrict shall deposit, for the first ten years of the loan term, an amount equal to 1/10 of the annual loan payment, to remain in reserve, subject to the provisions of any Loan Contract entered into with the State of Colorado, Colorado Water Conservation Board.

9. The officers and employees of the Subdistrict are hereby authorized and directed to take all action necessary or appropriate to effectuate the provisions of this Resolution.

10. All actions not inconsistent with the provisions of this Resolution heretofore taken by the members of the Board and the officers and employees of the Subdistrict and directed toward holding the election for the purposes stated herein are hereby ratified, approved and confirmed.

11. All prior acts, orders or resolutions, or parts thereof, by the Subdistrict in conflict with this Resolution are hereby repealed, except that this repealer shall not be construed to revive any act, order or resolution, or part thereof, heretofore repealed.

12. If any section, paragraph, clause or provision of this Resolution shall be adjudged to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining sections, paragraphs, clauses or provisions of this Resolution, it being the intention that the various parts hereof are severable.

13. This Resolution shall take effect immediately upon its passage.

ADOPTED AND APPROVED this 15th day of July, 2003.

GROUND WATER MANAGEMENT
SUBDISTRICT OF THE CENTRAL
COLORADO WATER CONSERVANCY
DISTRICT IN WELD, ADAMS AND MORGAN
COUNTIES

[SEAL]

By _____
President

ATTEST:

By _____
Thomas V. Cech, Secretary

PAID IN FULL

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SECURITY AGREEMENT

(PLEDGE OF REVENUES)

DATE: OCTOBER 1, 2003

DEBTOR: GROUND WATER MANAGEMENT SUBDISTRICT OF THE CENTRAL COLORADO WATER CONSERVANCY DISTRICT

SECURED PARTY: COLORADO WATER CONSERVATION BOARD
1313 SHERMAN STREET, ROOM 721
DENVER, CO 80203

PROMISSORY NOTE: $15,000,000, DATED OCTOBER 1, 2003

REPAYMENT TERMS: 2.75% PER ANNUM FOR 30 YEARS

LOAN CONTRACT: C150117 DATED OCTOBER 1, 2003

COLLATERAL: All revenues pledged to repay the loan as described in Pledge of Revenues provisions of the LOAN CONTRACT and in the Resolution adopted by the DEBTOR on July 15, 2003.

To secure payment of the loan evidenced by the PROMISSORY NOTE payable in accordance with the REPAYMENT TERMS, or until all principal, interest, and late charges, if any, are paid in full, the DEBTOR grants to SECURED PARTY a security interest in the above described COLLATERAL.

DEBTOR EXPRESSLY WARRANTS AND COVENANTS:

1. That except for the security interest granted hereby and any other security interests described in Section 5 of the Loan Contract Project Summary, DEBTOR is 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 any time 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. 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.
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

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 any of the following events or conditions:

a. default in the payment or performance of any obligation contained herein or in the Promissory Note or Contract evidencing the same;

b. 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

c. 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.

UPON SUCH DEFAULT and at any time thereafter, SECURED PARTY 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.

The SECURED PARTY shall give the DEBTOR written notice of any alleged default and an opportunity to cure within thirty (30) days of receipt of such notice before the DEBTOR shall be considered in default for purposes of this Security Agreement. 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 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 SECURED PARTY shall retain its rights of set-off against DEBTOR. 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.

PAID IN FULL

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 successors or assigns.

DEBTOR: Ground Water Management Subdistrict of the Central Colorado Water Conservancy District

SEAL

By _____
James Reasoner, President

ATTEST:

By _____
Thomas V. Cech, Secretary