

APPENDIX 3, PROMISSORY NOTE

Date: December 15, 2017

Borrower: Left Hand Water District, acting by and through the water activity enterprise

Total Loan Amount: \$10,000,000.00

Interest Rate: 2.75% per annum

Term of Repayment: 20 years

Loan Contract Number: CT2018-2028

Annual Loan Payment: \$656,717.31

Payment Initiation Date*: February 1, 2021
(To be filled in at Substantial Completion of Project)

Maturity Date*: February 1, 2041
(To be filled in at Substantial Completion of Project)

* Payment Initiation Date and Maturity Date 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 ("CWCBC"), the Principal Amount plus Interest for the Term of Repayment, pursuant to the Contract and this Promissory Note.
2. Principal and interest shall be payable in annual equal payments as set forth in "Annual Loan Payment" above, with the first payment due and payable one year from the Payment Initiation Date (the date the CWCBC determines that the project is substantially complete), and annually thereafter. All principal, interest, and late charges, if any, then remaining unpaid shall be due and payable on or before the Maturity Date. Payments shall be made to the Colorado Water Conservation Board at 1313 Sherman Street, Room 718, Denver, Colorado 80203.
3. The CWCBC may impose a late charge in the amount of 5% of the annual payment if the CWCBC does not receive the annual payment within 60 calendar days of the due date. At the discretion of the CWCBC, and if the Borrower requests in writing with sufficient justification, the late fee may be waived by the CWCBC. CWCBC will review the request from the Borrower, and may, in its sole discretion, choose to waive the late fee.
4. This Promissory 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.
5. This Promissory Note is issued pursuant to the Contract between the CWCBC and the Borrower. The Contract creates security interests in favor of the CWCBC to secure the prompt payment of all amounts that may become due hereunder. Said security interests are evidenced by the Security Agreement, ("Security Instrument") of even date and amount herewith and cover the Pledged Revenues. The Contract and Security Instruments grant additional rights to the CWCBC, including the right to accelerate the maturity of this Promissory Note in certain events.
6. If any annual payment is not paid when due or any default under the Contract or the Security Instruments securing this Promissory Note occurs, the CWCBC may declare the entire outstanding principal balance of the Note, all accrued interest, and any outstanding late charges immediately due and payable, and the indebtedness shall bear interest at the rate of 7% per annum from the date of default. The CWCBC shall give the Borrower written notice of any alleged default and an opportunity to cure within sixty (60) days of receipt of such notice before the Borrower shall be considered in default for purposes of this Promissory Note.
7. The Borrower hereby agrees 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.
8. This Promissory Note is authorized pursuant to and in accordance with the Constitution of the State of Colorado and all other laws of the State thereunto enabling. Specifically, but not by way of limitation, the Contract and this Promissory Note are authorized pursuant to and under the authority of Title 31, Article 35; Title 37, Article 45.1; and Title 11, Article 57, Part 2, C.R.S., and in full conformity therewith. Pursuant to Section 11-57-210, C.R.S., and Section 31-35-413,

C.R.S., this recital shall be conclusive evidence of the validity and the regularity of the issuance of this Promissory Note and the Promissory Note shall be incontestable for any cause whatsoever after its delivery for value.

(SEAL)



Attest:

By: *Daniel J. Lisco*
Signature
Name: Daniel J. Lisco
Title: Secretary
Date: 12/15/17

Borrower: Left Hand Water District, acting by and through the water activity enterprise

By: *M. Hochhauser*
Signature
Name: Mark Hochhauser
Title: Vice President
Date: 12/14/17