

PROMISSORY NOTE

Date: October 15, 2015
Borrower: Castle Pines North Metropolitan District, acting by and through its Water Activity Enterprise
Principal Amount: \$723,160.00
Interest Rate: 3.00% per annum
Term of Repayment: 30 years
Contract Number: CT2016-2049
Loan Payment: \$36,895.09
Payment Initiation Date*: _____
Maturity Date*: _____

* 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 ("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 Level Payments, with the first payment due and payable one year from Payment Initiation Date (the date the CWCB 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.
3. Payments shall be made to the Colorado Water Conservation Board at 1313 Sherman Street, Room 718, Denver, Colorado 80203.
4. The CWCB may impose a late charge in the amount of 5% of the annual payment if the CWCB does not receive the annual payment within 15 calendar days of the due date.
5. This 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. However, the PROMISSORY NOTE will be adjusted for prepayments of principal, as to allocation of payments to principal and interest.
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 PROMISSORY 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 covers the tax revenues. The LOAN CONTRACT and SECURITY AGREEMENT grant additional rights to the

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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 PROMISSORY 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 PROMISSORY NOTE shall be governed in all respects by the laws of the State of Colorado.
11. This Note is issued pursuant to and under the authority of §11-57-210, C.R.S. and §31-35-413, C.R.S., and pursuant to such statutes, the foregoing recital shall be conclusive evidence of the validity and the regularity of the issuance of this Note after its delivery for value, shall conclusively impart full compliance with all of the provisions of Title 31, Article 35, Part 4, C.R.S., and this Note containing such recital shall be incontestable for any cause whatsoever after its delivery for value.
12. This Note, including the interest hereon, is payable solely from the Pledged Revenues, does not constitute a debt or indebtedness of the BORROWER within the meaning of any constitutional or statutory provision or limitation, and shall not be considered or held to be a general obligation of the BORROWER.

BORROWER: Castle Pines North Metropolitan District, acting by and through its Water Activity Enterprise

(SEAL)

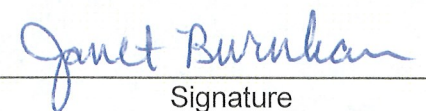
By  Signature

NAME: Keith Dodd

TITLE: President

DATE: October 15, 2015

Attest:

By  Signature

NAME: Janet Burnham

TITLE: Secretary

DATE: October 15, 2015

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SECURITY AGREEMENT

(PLEDGE OF REVENUES)

DATE: October 15, 2015

DEBTOR: Castle Pines North Metropolitan District, acting by and through its Water Activity Enterprise

SECURED PARTY: Colorado Water Conservation Board

PROMISSORY NOTE: \$723,160

TERMS OF REPAYMENT: 3.00% per annum for 30 years

CONTRACT NUMBER: CT2016-2049

COLLATERAL: Pledged Revenues, from DEBTOR's Water Activity Enterprise revenues, are pledged to repay the loan as described in Pledge of Revenues provisions of the LOAN CONTRACT, the DEBTOR's RESOLUTION dated September 29, 2015.

To secure payment of the loan evidenced by the PROMISSORY NOTE payable in accordance with the TERMS OF REPAYMENT, 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 Pledge of Revenues hereinafter "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.

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 Loan CONTRACT;
- 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.

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Upon such default and at any time thereafter, SECURED PARTY shall have the remedies of a secured party under Section 11-57-208, Colorado Revised Statutes, as amended. 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.

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 and assigns.

DEBTOR: Castle Pines North Metropolitan
District, acting by and through its Water Activity
Enterprise

(SEAL)

Attest:

By

Janet Burnham
Signature

By

[Signature]
Signature

NAME: Janet Burnham

TITLE: Secretary

DATE: October 15, 2015

NAME: Keith Dodd

TITLE: President

DATE: October 15, 2015