

SIGNATURE PAGE

THE PARTIES HERETO HAVE EXECUTED THIS CONTRACT

Each person signing this Contract represents and warrants that the signer is duly authorized to execute this Contract and to bind the Party authorizing such signature.

<p>BORROWER Rio Grande Water Conservation District Subdistrict No. 5 Acting by and through the water activity enterprise for Subdistrict No. 5</p> <p>By: <u>Chris Fiers</u> (Signature)</p> <p>Name: <u>Chris Fiers</u></p> <p>Title: <u>Program Manager</u></p> <p>Date: <u>6/2/2021</u></p>	<p>STATE OF COLORADO Jared Polis, Governor Colorado Department of Natural Resources Dan Gibbs, Executive Director Colorado Water Conservation Board (CWCBC)</p> <p>By: _____ (Signature)</p> <p>Name: Kirk Russell, P.E., Section Chief</p> <p>Date: _____</p>
<p>ATTEST:</p> <p>By: <u>Amber Pacheco</u> (Signature)</p> <p>Name: <u>Amber Pacheco</u></p> <p>Title: <u>Acting Deputy General Manager</u></p> <p>Date: <u>6/2/2021</u></p>	<p>LEGAL REVIEW Phil Weiser, Attorney General</p> <p>By: _____ N/A Assistant Attorney General</p> <p>Date: _____</p>
<p>In accordance with §24-30-202, C.R.S., this Contract is not valid until signed and dated below by the State Controller or an authorized delegate.</p> <p>STATE CONTROLLER Robert Jaros, CPA, MBA, JD</p> <p>By: _____</p> <p>Name: _____</p> <p>Title: _____</p> <p>Effective Date: _____</p>	

APPENDIX 3, PROMISSORY NOTE

Date: 6/21, 2021

Borrower: Rio Grande Water Conservation District Subdistrict No. 5, acting by and through the acting by and through the water activity enterprise for Subdistrict Number 5

Total Loan Amount: \$4,892,440.00

Interest Rate: 1.20% per annum

Term of Repayment: Thirty (30) years

Loan Contract Number: CT2021-3846

Annual Loan Payment: \$195,159.59

Payment Initiation Date*: _____
(To be filled in at Substantial Completion of Project)

Maturity Date*: _____
(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 ("CWCB"), 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 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 five percent (5%) of the annual payment if the CWCB does not receive the annual payment within sixty (60) calendar days of the due date. At the discretion of the CWCB, and if the Borrower requests in writing with sufficient justification, the late fee may be waived by the CWCB. CWCB will review the request from the Borrower, and may, in its sole discretion, choose to waive the late fee.
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.
6. This Promissory Note is issued pursuant to the Contract between the CWCB and the Borrower. The 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 herewith and cover the Pledged Revenues. The Contract and Security Agreement grant additional rights to the CWCB, including the right to accelerate the maturity of this Promissory Note in certain events.
7. If any annual payment is not paid when due or any default under the Contract or the Security Agreement securing

this Promissory Note occurs, the CWCB may declare the entire outstanding principal balance of the Note, all accrued interest, and any outstanding late charges immediately due and payable, and the indebtedness shall bear interest at the rate of seven percent (7%) per annum from the date of default. The CWCB shall give the Borrower written notice of any alleged default and an opportunity to cure within sixty (60) days of receipt of such notice before the Borrower shall be considered in default for purposes of this Promissory Note.

8. 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.
9. 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.

Rio Grande Water Conservation District Subdistrict No. 5, acting by and through the water activity enterprise for Subdistrict No. 5

By: Chris Treers
Signature

Attest:

Name: Chris Treers

Title: Program Manager

Date: 6/2/2021

By: Amber Pacheco
Signature

Name: Amber Pacheco

Title: Acting Deputy General Manager

Date: 6/2/2021

APPENDIX 5, SECURITY AGREEMENT

Date: 6/21, 2021

Borrower: Rio Grande Water Conservation District Subdistrict No. 5, acting by and through the acting by and through the water activity enterprise for Subdistrict Number 5

Secured Party: Colorado Water Conservation Board

Promissory Note: \$4,892,440.00

Terms of Repayment: 1.20% per annum interest for thirty (30) years

Loan Contract Number: CT2021-3846

Pledged Revenues: All pledged revenues from the water activity enterprise in such amount as is necessary to make each annual payment due under this Contract and all of Borrower's right to receive said revenues to repay the loan as described in Pledged Revenues provisions of the Contract and Borrower's Resolutions adopted June 1st & 2nd, 2021.

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 Borrower grants to Secured Party a security interest in the above described Pledged Revenues.

BORROWER EXPRESSLY WARRANTS AND COVENANTS:

1. That except for the security interest granted hereby and any other security interests described in Appendix 1, Project Summary, Section 5, the Borrower is the owner of the Pledged Revenues free from any adverse lien, security interest or encumbrances; and that the Borrower will defend the Pledged Revenues 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 the Borrower will not violate any law or agreement governing the Borrower or to which the Borrower is a party.
3. Except in accordance with Section 11.E., of the Loan Contract, to not permit or allow any adverse lien, security interest or encumbrance whatsoever upon the Pledged Revenues 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, the Borrower shall be estopped from asserting for any reason that it is not authorized to grant a security interest in the Pledged Revenues pursuant to the terms of this agreement.
5. To pay all taxes and assessments of every nature that may be levied or assessed against the Pledged Revenues.
6. That the Borrower's articles of incorporation and by-laws do not prohibit any term or condition of this agreement.

UNTIL DEFAULT Borrower may have possession of the Pledged Revenues, provided that Borrower keeps the Pledged Revenues in an account separate from other revenues of Borrower and does not use Pledged Revenues for

CMS 167659
CT2020-3846
Appendix 5

any purpose not permitted by the Contract. Upon default, Secured Party shall have the immediate right to the possession of the Pledged Revenues.

BORROWER 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; or
- 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 the Borrower; or
- c. the making or furnishing of any warranty, representation or statement to Secured Party by or on behalf of the Borrower 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 Section 11-57-208, Colorado Revised Statutes. Secured Party may require the Borrower to deliver or make the Pledged Revenues 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 Borrower written notice of any alleged default and an opportunity to cure within sixty (60) Business Days of receipt of such notice before the Borrower 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 the Borrower. 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 the Borrower 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 the Borrower shall bind its successors or assigns.

Rio Grande Water Conservation District Subdistrict No. 5, acting by and through the water activity enterprise for Subdistrict No. 5

By: Chris Ivers
Signature

Attest:

By: Amber Pacheco
Signature

Name: Amber Pacheco

Title: Acting Deputy General Manager

Date: 6/2/2021

Name: Chris Ivers

Title: Program Manager

Date: 6/2/2021

**RESOLUTION OF THE BOARD OF DIRECTORS
OF THE RIO GRANDE WATER CONSERVATION DISTRICT**

*(To Affirm the Resolution to Apply for a Loan from the
Colorado Water Conservation Board)*

RESOLUTION NO. 21-03

RECITALS

WHEREAS, the Rio Grande Water Conservation District was created pursuant to section 37-48-102, C.R.S.; and,

WHEREAS, pursuant to section 37-48-108, C.R.S., the Rio Grande Water Conservation District is authorized to establish special improvement districts; and

WHEREAS, pursuant to the request of certain water users in the Saguache Creek basin and section 37-48-123, the District filed a Petition to establish Special Improvement District No. 5 of the Rio Grande Water Conservation District ("Subdistrict No. 5") in the District Court, Saguache County and the District approved said petition on December 18, 2017; and,

WHEREAS, Subdistrict No. 5 as a local government entity is authorized to establish a water enterprise pursuant to Article 45.1 of Title 37 of the Colorado Revised Statutes and Subdistrict No. 5 has established such enterprise; and,

WHEREAS, the Enterprise is authorized to borrow money and incur indebtedness pursuant to section 37-50-107(1)(c), C.R.S.; and,

WHEREAS, the Board of Managers of Subdistrict No. 5 previously directed Enterprise staff and consultants to pursue and apply for a loan from the Colorado Water Conservation Board in the amount of four million, eight hundred and ninety-two thousand, four hundred and forty dollars (\$4,892,440.00); and,

WHEREAS, the Board of Managers, after consultation with Enterprise Staff and consultants determined its current fee structure and revenue is sufficient to meet the repayment terms of such a loan; and,

WHEREAS, Enterprise staff and consultants did apply for such loan and such loan application was approved by the Colorado Water Conservation Board; and,

WHEREAS, the Enterprise Board has affirmed the request to apply for and approve such loan from the Colorado Water Conservation Board by written resolution; and,

WHEREAS, Subdistrict No. 5 and its water activity enterprise is a subset of the District itself and all contracts entered into by Subdistrict No. 5 and/or its water activity enterprise must be approved by the Board of Directors of the District.

RESOLUTION

NOW, THEREFORE, be it resolved by the Board of Directors of the Rio Grande Water Conservation District that:

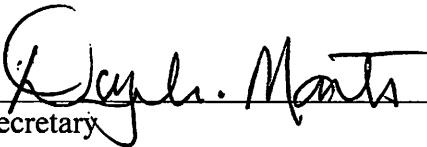
1. The Subdistrict No. 5 Enterprise Board has previously authorized Enterprise staff and consultants to request a loan in the amount of four million, eight hundred and ninety-two thousand, four hundred and forty dollars (\$4,892,440.00).

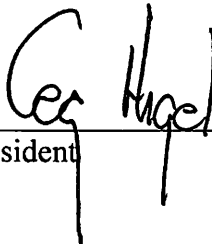
2. The Board of Directors, acting for and on behalf of Subdistrict No. 5 and its water activity enterprise hereby accepts the terms of said loan as provided by the Colorado Water Conservation Board and authorizes the acceptance of the loan on behalf of the Enterprise.

RESOLVED this 2nd day of June 2021.

ATTEST:

BOARD OF DIRECTORS OF THE
RIO GRANDE WATER CONSERVATION
DISTRICT


Secretary


President

**RESOLUTION OF THE BOARD OF MANAGERS OF SPECIAL IMPROVEMENT
DISTRICT NO. 5 OF THE RIO GRANDE WATER CONSERVATION DISTRICT
WATER ACTIVITY ENTERPRISE**

*(To Affirm the Resolution to Apply for a Loan from the
Colorado Water Conservation Board)*

RESOLUTION NO. 21-

R E C I T A L S

WHEREAS, the Rio Grande Water Conservation District was created pursuant to section 37-48-102, C.R.S.; and,

WHEREAS, pursuant to section 37-48-108, C.R.S., the Rio Grande Water Conservation District is authorized to establish special improvement districts; and

WHEREAS, pursuant to the request of certain water users in the Saguache Creek basin and section 37-48-123, the District filed a Petition to establish Special Improvement District No. 5 of the Rio Grande Water Conservation District ("Subdistrict No. 5") in the District Court, Saguache County and the District approved said petition on December 18, 2017; and,

WHEREAS, Subdistrict No. 5 as a local government entity is authorized to establish a water enterprise pursuant to Article 45.1 of Title 37 of the Colorado Revised Statutes and Subdistrict No. 5 has established such enterprise; and,

WHEREAS, the Enterprise is authorized to borrow money and incur indebtedness pursuant to section 37-50-107(1)(c), C.R.S.; and,

WHEREAS, the Board of Managers of Subdistrict No. 5 previously directed Enterprise staff and consultants to pursue and apply for a loan from the Colorado Water Conservation Board in the amount of four million, eight hundred and ninety-two thousand, four hundred and forty dollars (\$4,892,440.00); and,

WHEREAS, the Board of Managers, after consultation with Enterprise Staff and consultants determined its current fee structure and revenue is sufficient to meet the repayment terms of such a loan; and,

WHEREAS, Enterprise staff and consultants did apply for such loan and such loan application was approved by the Colorado Water Conservation Board; and,

WHEREAS, the Board wishes to memorialize said previous request, application, and approval in a written Resolution.

R E S O L U T I O N

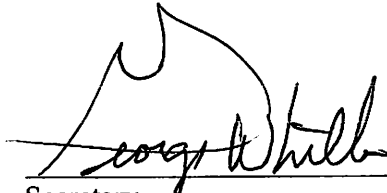
NOW, THEREFORE, be it resolved by the Board of the Enterprise that:

1. The Board has previously authorized Enterprise staff and consultants to request a loan in the amount of four million, eight hundred and ninety-two thousand, four hundred and forty dollars (\$4,892,440.00).

2. The Board hereby accepts the terms of said loan as provided by the Colorado Water Conservation Board and authorizes the acceptance of the loan on behalf of the Enterprise .

RESOLVED this 1th day of June 2020.

ATTEST:


Secretary

BOARD OF MANAGERS SPECIAL
IMPROVEMENT DISTRICT NO. 5 OF THE
RIO GRANDE WATER CONSERVATION
DISTRICT WATER ACTIVITY
ENTERPRISE


President