

PROMISSORY NOTE

DATE: August 1, 2017

BORROWER: Southeastern Colorado Water Conservancy District,
acting by and through its Water Activity Enterprise

TOTAL LOAN AMOUNT: \$17,392,200.00

INTEREST RATE: 2.00% per annum

TERM OF REPAYMENT: Thirty (30) years

LOAN CONTRACT NUMBER: CT2018-833

ANNUAL LOAN PAYMENT: \$776,560.38

Payment Initiation Date*: January 1, 2023
(to be filled in at Substantial Completion of Project)

Maturity Date*: January 1, 2053
(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.

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.

1. 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.
2. Payments shall be made to the Colorado Water Conservation Board at 1313 Sherman Street, Room 718, Denver, Colorado 80203.
3. 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.
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. All payments received shall be applied first to late charges, if any, next to accrued interest and then to reduce the principal amount.
6. 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 herewith and cover certain

PLEDGED POWER REVENUES of the BORROWER, as defined in APPENDIX 4 and APPENDIX 5 attached to the LOAN CONTRACT. The LOAN CONTRACT and SECURITY AGREEMENT grant additional rights to the CWCB, including the right to accelerate the maturity of this PROMISSORY NOTE in certain events.

a. Notwithstanding any other provision of the LOAN CONTRACT, any and all of the ENTERPRISE'S obligations under the LOAN CONTRACT, whether financial or otherwise, shall be payable solely from the revenues, income, rents and receipts earned by the ENTERPRISE from or attributable to ownership and operation of the PROJECT (the "Pledged Power Revenues") and are not payable from any other source whatsoever. Nothing herein shall be deemed to prevent the ENTERPRISE from making any payments from any other legally available source.

b. In no event shall the ENTERPRISE be required to spend money from taxes in violation of Section 20(4) of Article X of the Colorado Constitution in the performance of its obligations under the Loan Contract or which would cause the BORROWER to lose its enterprise status as such status is defined in the Colorado Constitution.

c. In addition, the ENTERPRISE shall not be required to expend any funds or impair any assets of the Southeastern Colorado Water Conservancy District in the performance of the obligations under the LOAN CONTRACT. The obligations of the ENTERPRISE under the LOAN CONTRACT do not constitute a debt or indebtedness of the Southeastern Colorado Water Conservancy District within the meaning of any constitutional, charter or statutory provision or limitation, and shall not be considered or held to be a general obligation of the Southeastern Colorado Water Conservancy District.

7. If any annual payment is not paid when due or any default under the LOAN CONTRACT or the SECURITY AGREEMENT securing this 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 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 thirty (30) 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 issued pursuant to and under the authority of Section 11-57-210, C.R.S., and pursuant to such statute, the foregoing recital shall be conclusive evidence of the validity and the regularity of the issuance of this Promissory Note after its delivery for value, and this Promissory Note shall be incontestable for any cause whatsoever after its delivery for value.

organized the Borrower, within the meaning of any constitutional or statutory provision or limitation.

11. This PROMISSORY NOTE shall be governed in all respects by the laws of the State of Colorado.

BORROWER: Southeastern Colorado Water
Conservancy District, acting by and through its
Water Activity Enterprise

(S E A L)

BY: Bill Long
Signature

Attest:

NAME: Bill Long

TITLE: President

DATE: 8-1-17

BY: Van Ortega
Signature

NAME: Van Ortega

TITLE: Secretary

DATE: 8/1/17