



COLORADO

Colorado Water Conservation Board

Department of Natural Resources
1313 Sherman Street, Room 718
Denver, CO 80203
303-866-3441

July 30, 2025

The Divide Canal and Reservoir Company
106 Elm Avenue
Eaton, CO 80615

Loan Compliance Confirmation - C153641L

Attached for your records are the original documents related to the agreement between the The Divide Canal and Reservoir Company and the Colorado Water Conservation Board (CWCB), Loan Contract No. C153641L. The documents have been stamped "PAID IN FULL" denoting that the Company has satisfied the terms of the agreement in full.

Should you have any questions, please contact me at mimi.winter@state.co.us. If we can be of any further assistance to you in the future, please let us know.

Sincerely,

Mimi Winter, Finance Manager
Finance Section

Attachments

cc: CWCB Files



17. Comply with the provisions of section 37-60-120, Colorado Revised Statutes, and any other applicable statutes, procedures, requirements, rules, or regulations which the State has.

18. Not sell, convey, assign, grant, transfer, mortgage, pledge, encumber, or otherwise dispose of the project or any portion thereof, so long as any of the annual installments required by paragraph B.13. above remain unpaid, without the prior written concurrence of the State.

C. Upon default in the payments herein set forth to be made by the Contractor, or default in the performance of any covenant or agreement contained herein, the State, at its option, may: (a) declare the entire principal amount then outstanding immediately due and payable; (b) for the account of the Contractor, incur and pay reasonable expenses for repair, maintenance, and operation of the project herein described and such expenses as may be necessary to cure the cause of default; (c) take possession of the project, repair, maintain, and operate or lease it; (d) act upon the security (described in paragraph B.14. above) conveyed to the State; (e) take action to enforce paragraphs B.11. and 13. above; and/or (f) take any other appropriate legal action. All remedies described herein may be simultaneously or selectively and successively enforced. The provisions of this contract may be enforced by the State at its option without regard to prior waivers by it of previous defaults by the Contractor, 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 State to ensure compliance with provisions of this contract and the laws and regulations under which this contract is entered into.

D. The State agrees that it shall:

1. Loan to the Contractor for the construction of the project an amount not to exceed Five Hundred Seventeen Thousand Dollars (\$517,000). Said Five Hundred

Seventeen Thousand Dollars (\$517,000) shall be made available to the Contractor in accordance with the following terms and conditions:

a. Commencing ten (10) days from the date of this contract and for every month thereafter until said project has been completed, the Contractor shall prepare, with the assistance of the Consultant referred to in paragraph 1. above, an estimate of the funds required for project construction during that month and shall forward said estimate to the State not less than fifteen (15) days prior to the beginning of such month.

b. Upon receipt and approval by the State of such monthly estimate, the State will, within forty (40) days from the approval of such estimate, pay over to the Contractor the amount of the monthly estimate or such portion thereof as has been approved by the State.

c. Project construction costs eligible for payment by the State shall be limited to the cost of:

- ✓ (1) Preparing final designs and specifications for the project.
- ✓ (2) Preparing bid and construction contract documents.
- (3) Preparing environmental assessment or environmental impact statements, and otherwise complying with the federal National Environmental Policy Act.
- (4) Complying with all federal, State, and local regulatory requirements, including the obtaining of all required permits.
- (5) Land and water rights acquisitions needed for the project, including the necessary appraisals and evaluations.
- (6) Fish and wildlife mitigation measures required by federal, State, or local laws and regulations.
- ✓ (7) Actual construction as called for in the bid documents and in Change Orders approved by the Consultant, the Contractor, the Construction Firm, and the State.
- ✓ (8) Engineering services for construction management, including design and construction management for State-approved Change Orders.
- (9) All legal services approved in advance, including, but not limited to, the following:
 - (a) Reviewing engineering services contracts.
 - (b) Reviewing this contract.
 - (c) Reviewing construction contract documents.
 - (d) Acquiring the land and water rights needed for the project.
 - (e) Complying with all federal State, and local regulatory requirements.

Legal services must be approved by the State in writing before they are rendered to be eligible for payment by the State.

2. Provide the Contractor with such technical assistance as the State deems appropriate in coordinating the project with local official comprehensive plans for water and with any State or area plans for the area in which the project is located.

E. This contract is not assignable by the Contractor except with the prior written approval of the State.

F. The parties to this contract intend that the relationship between them contemplated by this contract is that of lender-borrower, not employer-employee. No agent, employee, or servant of the Contractor shall be, or shall be deemed to be, an employee, agent, or servant of the State. The Contractor will be solely and entirely responsible for its acts and the acts of its agents, employees, servants, engineering firms, construction firms, and subcontractors during the performance of this contract.

G. At all times during the performance of this contract, the Contractor shall strictly adhere to all applicable federal and State laws and regulations that have been or may hereafter be established.

H. This agreement 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 notation, 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.

I. In its sole discretion, the State may at any time and in writing give any consent, deferment, subordination, release, satisfaction, or termination of any or all of the Contractor's obligations under this agreement, with or without valuable consideration, upon such terms and conditions as the State may determine to be: (a) advisable to further the purposes of this contract or to protect the State's financial interest therein, and (b) consistent with both the statutory purposes of this contract and the limitations of the statutory authority under which it is made.

J. Upon completion of repayment to the State in the amount of Seven Hundred Seventy-Two Thousand Six Hundred Dollars (\$772,600), as set forth in paragraph B.13. above of this contract, the State agrees to convey to the Contractor all of the State's right, title, and interest in and to the project and any other property described in paragraph B.14. above by deed or other proper conveyance.

K. The Colorado Water Conservation Board, its agents and employees, is hereby designated as the agent of the State for the purpose of this contract.

L. The Contractor agrees and understands that sections 37-60-119 through 37-60-122, CRS, as amended, require that the loan of money by the State to the Contractor for this water project be conditioned upon the repayment of the loan to the State. The Contractor hereby agrees to take any and all actions necessary to guarantee such repayment as provided herein including, without being limited to, the actions specified in this contract.

M. The Contractor agrees that the specific revenues to be pledged to repay the State shall include, without being limited to, an assessment levied for that purpose as authorized

by Resolution of the Contractor. The Contractor hereby pledges such assessment revenues to repay the State loan, warrants that these revenues will not be used for any other purpose, and agrees to provide the State a perfected security interest in the form provided by the State irrevocably pledging such revenues on the date of execution of this contract.

N. The Contractor warrants that it has duly passed, or will pass, a Resolution (Exhibit C) by its Board of Directors, as provided in its By-Laws, authorizing: the Contractor to enter into this contract with the State to borrow the principal sum of Five Hundred Twenty-Five Thousand Dollars (\$525,000); to make and levy assessment(s) sufficient to pay off this contract loan pursuant to its terms and to discharge this lawful indebtedness; to set aside this assessment revenue in a special fund separate and apart from other Contractor revenues to assure repayment of this revenue to the State; and to sign a security interest in such assessment revenues in favor of the State to secure the repayment. Copies of such security interest (Uniform Commercial Code--Security Agreement and Uniform Commercial Code--Financing Statement) shall be attached hereto and incorporated herein as Exhibits G and H, respectively. The Resolution of the Contractor and the security interest of the Contractor are conditions precedent to State performance.

O. The Contractor warrants that in the event of a default by the Contractor in the repayment to the State, and upon written notice thereof from the State, the Contractor shall, pursuant to its By-Laws and Section 7-42-104, CRS (1986), immediately take all necessary actions to levy an additional assessment and to pledge additional revenues in a sufficient amount and in a timely manner to cure the default and to repay the State as required by the contract. Such additional revenues shall be deemed covered by the existing security interest.

P. The Contractor warrants that the security interest executed by the Contractor in favor of the State to secure repayment of this loan is a valid security interest which shall be binding against the Contractor and that the Contractor has perfected this security interest such that the State has priority over all other competing claims for such secured revenues.

Q. The Contractor warrants that by acceptance of the loan money pursuant to the terms of this contract and by the Contractor's representation herein, the Contractor shall be estopped from asserting for any reason that it is not authorized or obligated to repay the loan money to the State as required by this contract.

R. All notices, correspondence, or other documents required by this contract shall be delivered or mailed to the following addresses:

1. For the State:

Daries C. Lile, P.E., Director
Colorado Water Conservation Board
721 State Centennial Building
1313 Sherman Street
Denver, CO 80203
Attn: Frank Akers

2. For the Contractor:

The Divide Canal and Reservoir Company
P.O. Box 206
Eaton, CO 80615

Attn: E. R. Gustafson
President

SPECIAL PROVISIONS

CONTROLLER'S APPROVAL

1. This contract shall not be deemed valid until it shall have been approved by the Controller of the State of Colorado or such assistant as he may designate. This provision is applicable to any contract involving the payment of money by the State.

FUND AVAILABILITY

2. Financial obligations of the State payable after the current fiscal year are contingent upon funds for that purpose being appropriated, budgeted and otherwise made available.

BOND REQUIREMENT

3. If this contract involves the payment of more than fifty thousand dollars for the construction, erection, repair, maintenance, or improvement of any building, road, bridge, viaduct, tunnel, excavation or other public works for this State, the contractor shall, before entering the performance of any such work included in this contract, duly execute and deliver to and file with the official whose signature appears below for the State, a good and sufficient bond or other acceptable surety to be approved by said official in a penal sum not less than one-half of the total amount payable by the terms of this contract. Such bond shall be duly executed by a qualified corporate surety, conditioned for the due and faithful performance of the contract, and in addition, shall provide that if the contractor or his subcontractors fail to duly pay for any labor, materials, team hire, sustenance, provisions, provender or other supplies used or consumed by such contractor or his subcontractor in performance of the work contracted to be done, the surety will pay the same in an amount not exceeding the sum specified in the bond, together with interest at the rate of eight per cent per annum. Unless such bond, when so required, is executed, delivered and filed, no claim in favor of the contractor arising under this contract shall be audited, allowed or paid. A certified or cashier's check or a bank money order payable to the Treasurer of the State of Colorado may be accepted in lieu of a bond. This provision is in compliance with 38-26-106 CRS, as amended.

INDEMNIFICATION

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

DISCRIMINATION AND AFFIRMATIVE ACTION

5. The contractor agrees to comply with the letter and spirit of the Colorado Antidiscrimination Act of 1957, as amended, and other applicable law respecting discrimination and unfair employment practices (24-34-402, CRS 1982 Replacement Vol.), and as required by Executive Order, Equal Opportunity and Affirmative Action, dated April 16, 1975. Pursuant thereto, the following provisions shall be contained in all State contracts or sub-contracts.

During the performance of this contract, the contractor agrees as follows:

(1) The contractor will not discriminate against any employee or applicant for employment because of race, creed, color, national origin, sex, marital status, religion, ancestry, mental or physical handicap, or age. The contractor will take affirmative action to insure that applicants are employed, and that employees are treated during employment, without regard to the above mentioned characteristics. Such action shall include, but not be limited to the following: employment, upgrading, demotion, or transfer, recruitment or recruitment advertising; lay-offs or terminations; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the contracting officer setting forth provisions of this non-discrimination clause.

(2) The contractor will, in all solicitations or advertisements for employees placed by or on behalf of the contractor, state that all qualified applicants will receive consideration for employment without regard to race, creed, color, national origin, sex, marital status, religion, ancestry, mental or physical handicap, or age.

(3) The contractor will send to each labor union or representative of workers with which he has collective bargaining agreement or other contract or understanding, notice to be provided by the contracting officer, advising the labor union or workers' representative of the contractor's commitment under the Executive Order, Equal Opportunity and Affirmative Action, dated April 16, 1975, and of the rules, regulations, and relevant Orders of the Governor.

(4) The contractor and labor unions will furnish all information and reports required by Executive Order, Equal Opportunity and Affirmative Action of April 16, 1975, and by the rules, regulations and Orders of the Governor, or pursuant thereto, and will permit access to his books, records, and accounts by the contracting agency and the office of the Governor or his designee for purposes of investigation to ascertain compliance with such rules, regulations and orders.

(5) A labor organization will not exclude any individual otherwise qualified from full membership rights in such labor organization, or expel any such individual from membership in such labor organization or discriminate against any of its members in the full enjoyment of work opportunity, because of race, creed, color, sex, national origin, or ancestry.

(6) A labor organization, or the employees or members thereof will not aid, abet, incite, compel or coerce the doing of any act defined in this contract to be discriminatory or obstruct or prevent any person from complying with the provisions of this contract or any order issued thereunder; or attempt either directly or indirectly, to commit any act defined in this contract to be discriminatory.

(7) In the event of the contractor's non-compliance with the non-discrimination clauses of this contract or with any of such rules, regulations, or orders, this contract may be cancelled, terminated or suspended in whole or in part and the contractor may be declared ineligible for further State contracts in accordance with procedures, authorized in Executive Order, Equal Opportunity and Affirmative Action of April 16, 1975 and the rules, regulations, or orders promulgated in accordance therewith, and such other sanctions as may be imposed and remedies as may be invoked as provided in Executive Order, Equal Opportunity and Affirmative Action of April 16, 1975, or by rules, regulations, or orders promulgated in accordance therewith, or as otherwise provided by law.

(8) The contractor will include the provisions of paragraph (1) through (8) in every sub-contract and subcontractor purchase order unless exempted by rules, regulations, or orders issued pursuant to Executive Order, Equal Opportunity and Affirmative Action of April 16, 1975, so that such provisions will be binding upon each subcontractor or vendor. The contractor will take such action with respect to any sub-contracting or purchase order as the contracting agency may direct, as a means of enforcing such provisions, including sanctions for non-compliance; provided, however, that in the event the contractor becomes involved in, or is threatened with, litigation with the subcontractor or vendor as a result of such direction by the contracting agency, the contractor may request the State of Colorado to enter into such litigation to protect the interest of the State of Colorado.

COLORADO LABOR PREFERENCE

6a. Provisions of 8-17-101 & 102, CRS for preference of Colorado labor are applicable to this contract if public works within the State are undertaken hereunder and are financed in whole or in part by State funds.

b. When construction contract for a public project is to be awarded to a bidder, a resident bidder shall be allowed a preference against a non-resident bidder from a state or foreign country equal to the preference given or required by the state or foreign country in which the non-resident bidder is a resident. If it is determined by the officer responsible for awarding the bid that compliance with this subsection .06 may cause denial of federal funds which would otherwise be available or would otherwise be inconsistent with requirements of federal law, this subsection shall be suspended, but only to the extent necessary to prevent denial of the moneys or to eliminate the inconsistency with federal requirements (section 8-19-101 and 102, CRS).

GENERAL

7. 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.

8. 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.

9. The signatories hereto aver that they are familiar with 18-8-301, et. seq., (Bribery and Corrupt Influences) and 18-8-401, et. seq., (Abuse of Public Office), CRS 1978 Replacement Vol., and that no violation of such provisions is present.

10. The signatories aver that to their knowledge, no state employee has a personal or beneficial interest whatsoever in the service or property described herein:

IN WITNESS WHEREOF, the parties hereto have executed this Contract on the day first above written.

Contractor:

(Full Legal Name) _____

DIVIDE CANAL & RESERVOIR COMPANY

by: E.R. Gustafson

Position (Title) President

84-0190122

Social Security Number or Federal I.D. Number

STATE OF COLORADO
ROY ROMER, GOVERNOR

By Peter Evans

For the Executive Director
DEPARTMENT OF NATURAL RESOURCES
(COLO. WATER CONSERVATION BOARD
DARIES C. LILE, P.E., DIRECTOR)

(If Corporation:)

Attest (Seal)

By Donn Engel Sec'y

Corporation Secretary, or Equivalent, Town/City/Country/Clerk

Donn Engel, Corporate Secretary

GALE A. NORTON

ATTORNEY GENERAL ATTORNEY GENERAL

By DAVID M. JAYE

FIRST ASSISTANT ATTORNEY GENERAL
STATE OF COLORADO

APPROVALS

CONTROLLER

By _____

APPROVALS:

STATE CONTROLLER

CLIFFORD W. HALL

BY: Chris A. Jorgensen

[Faint, mostly illegible text covering the upper and middle portions of the page. The text appears to be a series of paragraphs, possibly a letter or a report, but the characters are too light to transcribe accurately.]



DEPARTMENT OF AGENCY NAME
DEPARTMENT OR AGENCY NUMBER
ROUTING NUMBER

No Encumbrance
Terminates Contract
No. C-153641

TERMINATION CONTRACT

THIS CONTRACT, made this 8th day of October 1993, by and between the State of Colorado for the use and benefit of the Department of NATURAL RESOURCES
(COLORADO WATER CONSERVATION BOARD)
hereinafter referred to as the State, and The Divide Canal and Reservoir Company
P.O. Box 206, Eaton, CO 80626
hereinafter referred to as the contractor/Contractor.

WHEREAS, 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 in Fund Number N/A, Organization YYYY, Appropriation _____, Program WTRC, Object Code _____, Contract Encumbrance Number, N/A; and

WHEREAS, required approval, clearance and coordination have been accomplished from and with appropriate agencies; and

WHEREAS, the State and the Contractor entered into a contract on April 12, 1993 (attached as Exhibit B and incorporated by reference herein), which contract shall hereinafter be referred to as the "feasibility report contract," in which the State agreed to pay the Contractor Eight Thousand Dollars (\$8,000) for the purpose of partially funding a feasibility report concerning the rehabilitation of Worster Dam; and

WHEREAS, the feasibility report contract provided in part the following terms:

5. In consideration of the State assuming a portion of the cost of the preparation of the said project feasibility report, the Contractor shall pay to the State the sum of Ten Thousand Three Hundred Sixty Dollars (\$10,360) provided that construction of the subject water project is initiated within ten (10) years of the date of this contract. The Contractor shall fulfill this obligation irrespective of how, or by whom, the subject water project is financed or paid for so long as construction is initiated within the specified time.

6. In the event the Contractor must make payment pursuant to the terms of paragraph 5. above, then the said sum of Ten Thousand Three Hundred Sixty Dollars (\$10,360) shall be payable in ten (10) equal installments of One Thousand Thirty-Six Dollars (\$1,036) each, the first installment to be due and payable upon the January 1st next

succeeding the initiation of construction on the said water project. Subsequent payments shall be due and payable on January 1st of each year thereafter.

WHEREAS, the State and the Contractor intend to enter into a separate contract (hereinafter referred to as the "project contract") in which the State will loan the Contractor money for the purpose of rehabilitating Worster Dam; and

WHEREAS, initiation of construction to rehabilitate Worster Dam will create an obligation on the part of the Contractor to make payments under the terms, specifically paragraph Nos. 5. and 6., of the existing feasibility report contract; and

WHEREAS, the parties agree that it would be mutually beneficial to terminate the Contractor's separate Eight Thousand Dollar (\$8,000) obligation under the feasibility report contract provided that the repayment of the Eight Thousand Dollars (\$8,000) (which represents the principal amount provided by the State for the purpose of partially funding the feasibility report for the rehabilitation of Worster Dam) will be integrated with the Contractor's repayment of the construction loan of the project contract, which will be executed contemporaneously with and immediately prior to the execution of this termination contract.

NOW, THEREFORE it is hereby agreed that:

1. The feasibility report contract entered into between the State and the Contractor on April 12, 1993 (attached as Exhibit B and incorporated by reference herein), Contract Encumbrance No. C-153641, is hereby terminated and the remaining obligations of the State and the Contractor under the terms of that contract are no longer enforceable.

2. The Contractor agrees to the following terms for the repayment of Eight Thousand Dollars (\$8,000), which represents the principal amount provided by the State as partial financing for the feasibility report under the terms of the feasibility report contract:

PAID IN FULL

a. The Eight Thousand Dollars (\$8,000) referred to above will be added to that amount loaned to the Contractor by the State under the project contract for the rehabilitation of Worster Dam.

b. The total amount described in paragraph 2.a. above and interest for the full term will be repaid under the terms of the project contract to be entered into between the State and the Contractor.

3. This termination of the feasibility report contract will not be effective until such time as a valid and enforceable project contract containing the terms of paragraph 2. above is in effect for the rehabilitation of Worster Dam.

SPECIAL PROVISIONS

CONTROLLER'S APPROVAL

1. This contract shall not be deemed valid until it shall have been approved by the Controller of the State of Colorado or such assistant as he may designate. This provision is applicable to any contract involving the payment of money by the State.

FUND AVAILABILITY

2. Financial obligations of the State payable after the current fiscal year are contingent upon funds for that purpose being appropriated, budgeted and otherwise made available.

BOND REQUIREMENT

3. If this contract involves the payment of more than fifty thousand dollars for the construction, erection, repair, maintenance, or improvement of any building, road, bridge, viaduct, tunnel, excavation or other public works for this State, the contractor shall, before entering the performance of any such work included in this contract, duly execute and deliver to and file with the official whose signature appears below for the State, a good and sufficient bond or other acceptable surety to be approved by said official in a penal sum not less than one-half of the total amount payable by the terms of this contract. Such bond shall be duly executed by a qualified corporate surety, conditioned for the due and faithful performance of the contract, and in addition, shall provide that if the contractor or his subcontractors fail to duly pay for any labor, materials, team hire, sustenance, provisions, provender or other supplies used or consumed by such contractor or his subcontractor in performance of the work contracted to be done, the surety will pay the same in an amount not exceeding the sum specified in the bond, together with interest at the rate of eight per cent per annum. Unless such bond, when so required, is executed, delivered and filed, no claim in favor of the contractor arising under this contract shall be audited, allowed or paid. A certified or cashier's check or a bank money order payable to the Treasurer of the State of Colorado may be accepted in lieu of a bond. This provision is in compliance with 38-26-106 CRS, as amended.

INDEMNIFICATION

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

DISCRIMINATION AND AFFIRMATIVE ACTION

5. The contractor agrees to comply with the letter and spirit of the Colorado Antidiscrimination Act of 1957, as amended, and other applicable law respecting discrimination and unfair employment practices (24-34-402, CRS 1982 Replacement Vol.), and as required by Executive Order, Equal Opportunity and Affirmative Action, dated April 16, 1975. Pursuant thereto, the following provisions shall be contained in all State contracts or sub-contracts.

During the performance of this contract, the contractor agrees as follows:

- (1) The contractor will not discriminate against any employee or applicant for employment because of race, creed, color, national origin, sex, marital status, religion, ancestry, mental or physical handicap, or age. The contractor will take affirmative action to insure that applicants are employed, and that employees are treated during employment, without regard to the above mentioned characteristics. Such action shall include, but not be limited to the following: employment, upgrading, demotion, or transfer, recruitment or recruitment advertising; lay-offs or terminations; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the contracting officer setting forth provisions of this non-discrimination clause.
- (2) The contractor will, in all solicitations or advertisements for employees placed by or on behalf of the contractor, state that all qualified applicants will receive consideration for employment without regard to race, creed, color, national origin, sex, marital status, religion, ancestry, mental or physical handicap, or age.
- (3) The contractor will send to each labor union or representative of workers with which he has collective bargaining agreement or other contract or understanding, notice to be provided by the contracting officer, advising the labor union or workers' representative of the contractor's commitment under the Executive Order, Equal Opportunity and Affirmative Action, dated April 16, 1975, and of the rules, regulations, and relevant Orders of the Governor.
- (4) The contractor and labor unions will furnish all information and reports required by Executive Order, Equal Opportunity and Affirmative Action of April 16, 1975, and by the rules, regulations and Orders of the Governor, or pursuant thereto, and will permit access to his books, records, and accounts by the contracting agency and the office of the Governor or his designee for purposes of investigation to ascertain compliance with such rules, regulations and orders.
- (5) A labor organization will not exclude any individual otherwise qualified from full membership rights in such labor organization, or expel any such individual from membership in such labor organization or discriminate against any of its members in the full enjoyment of work opportunity, because of race, creed, color, sex, national origin, or ancestry.
- (6) A labor organization, or the employees or members thereof will not aid, abet, incite, compel or coerce the doing of any act defined in this contract to be discriminatory or obstruct or prevent any person from complying with the provisions of this contract or any order issued thereunder; or attempt either directly or indirectly, to commit any act defined in this contract to be discriminatory.

PAID IN FULL

(7) In the event of the contractor's non-compliance with the non-discrimination clauses of this contract or with any of such rules, regulations, or orders, this contract may be cancelled, terminated or suspended in whole or in part and the contractor may be declared ineligible for further State contracts in accordance with procedures, authorized in Executive Order, Equal Opportunity and Affirmative Action of April 16, 1975 and the rules, regulations, or orders promulgated in accordance therewith, and such other sanctions as may be imposed and remedies as may be invoked as provided in Executive Order, Equal Opportunity and Affirmative Action of April 16, 1975, or by rules, regulations, or orders promulgated in accordance therewith, or as otherwise provided by law.

(8) The contractor will include the provisions of paragraph (1) through (8) in every sub-contract and subcontractor purchase order unless exempted by rules, regulations, or orders issued pursuant to Executive Order, Equal Opportunity and Affirmative Action of April 16, 1975, so that such provisions will be binding upon each subcontractor or vendor. The contractor will take such action with respect to any sub-contracting or purchase order as the contracting agency may direct, as a means of enforcing such provisions, including sanctions for non-compliance; provided, however, that in the event the contractor becomes involved in, or is threatened with, litigation with the subcontractor or vendor as a result of such direction by the contracting agency, the contractor may request the State of Colorado to enter into such litigation to protect the interest of the State of Colorado.

COLORADO LABOR PREFERENCE

6a. Provisions of 8-17-101 & 102, CRS for preference of Colorado labor are applicable to this contract if public works within the State are undertaken hereunder and are financed in whole or in part by State funds.

b. When construction contract for a public project is to be awarded to a bidder, a resident bidder shall be allowed a preference against a non-resident bidder from a state or foreign country equal to the preference given or required by the state or foreign country in which the non-resident bidder is a resident. If it is determined by the officer responsible for awarding the bid that compliance with this subsection .06 may cause denial of federal funds which would otherwise be available or would otherwise be inconsistent with requirements of federal law, this subsection shall be suspended, but only to the extent necessary to prevent denial of the moneys or to eliminate the inconsistency with federal requirements (section 8-19-101 and 102, CRS).

GENERAL

7. 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.

8. 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.

9. The signatories hereto aver that they are familiar with 18-8-301, et. seq., (Bribery and Corrupt Influences) and 18-8-401, et. seq., (Abuse of Public Office), CRS 1978 Replacement Vol., and that no violation of such provisions is present.

10. The signatories aver that to their knowledge, no state employee has a personal or beneficial interest whatsoever in the service or property described herein:

IN WITNESS WHEREOF, the parties hereto have executed this Contract on the day first above written.

Contractor:

(Full Legal Name) _____
 DIVIDE CANAL & RESERVOIR COMPANY
 by: E.R. Gustafson
 E.R. Gustafson
 Position (Title) President
84-0190122
 Social Security Number or Federal I.D. Number

STATE OF COLORADO
 ROY ROMER, GOVERNOR

By: [Signature]
 For the Executive Director
 DEPARTMENT OF NATURAL RESOURCES
 (COLO. WATER CONSERVATION BOARD
 DARRIS C. LILE, P.E., DIRECTOR)

(If Corporation:)

Attest (Seal)

By: [Signature]
 Corporation Secretary, or Equivalent, Town/City/County/Clerk
 Donn Engel, Corporate Secretary

ATTORNEY GENERAL E. A. NORTON
 ATTORNEY GENERAL

By: [Signature]
 DAVID M. RAYE
 DISTRICT ATTORNEY GENERAL
 GENERAL LEGAL SERVICES

APPROVALS

CONTROLLER

By: [Signature]
 APPROVALS:
 STATE CONTROLLER
 CLIFFORD W. HALL
 BY: [Signature]

[illegible][illegible]

interactions with the environment. The model is based on the assumption that the environment is a complex system with many interacting components. The model is designed to simulate the behavior of the system over time, taking into account the interactions between the components and the external environment. The model is implemented using a computer program that can be run on a personal computer. The program is written in a high-level programming language and is designed to be easy to use and modify. The model is a valuable tool for understanding the behavior of complex systems and for testing hypotheses about the interactions between the components and the environment.

[illegible]

As the first of the two, the *Journal of the American Medical Association* is the largest and most influential of the medical journals in the United States. It is published weekly, except for a few issues that are combined or omitted due to holidays or other circumstances. The journal is published by the American Medical Association, which is a non-profit organization that represents the interests of physicians in the United States. The journal is known for its high quality of research and its focus on clinical medicine. It is a must-read for all physicians and medical students. The journal is also known for its editorial board, which is composed of some of the most prominent physicians in the United States. The journal is published in English and is available in print and online formats. The online version of the journal is available at www.jama-association.org. The journal is a member of the International Association of Medical Journals (IAMJ) and the International Association of Scientific Journals (IASJ). The journal is also a member of the American Association of Medical Journals (AAMJ) and the American Association of Scientific Journals (AASJ). The journal is a member of the American Association of Medical Journals (AAMJ) and the American Association of Scientific Journals (AASJ). The journal is a member of the American Association of Medical Journals (AAMJ) and the American Association of Scientific Journals (AASJ).

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100-443887-100



DEPARTMENT OF AGENCY NAME
DEPARTMENT OR AGENCY NUMBER <u>PDA</u>
ROUTING NUMBER <u>93465</u>

\$8,000

FEASIBILITY REPORT
CONTRACT

THIS CONTRACT, made this 12th day of April, 1993, by and between the State of Colorado for the use and benefit of the Department of Natural Resources (Colorado Water Conservation Board), hereinafter referred to as the State, and The Divide Canal and Reservoir Company P.O. Box 206, Eaton, CO 80615 hereinafter referred to as the contractor/Contractor.

WHEREAS, 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 in Fund Number 424, Organization YYYY, Appropriation 613, Program WTRC, Object Code 5120, Contract Encumbrance Number, C153641; and

WHEREAS, required approval, clearance and coordination have been accomplished from and with appropriate agencies; and

WHEREAS, pursuant to the provisions of section 37-60-119, Colorado Revised Statutes, as amended, the State is authorized to construct certain water projects for the benefit of the people of the State of Colorado; and

WHEREAS, the Divide Canal and Reservoir Company has made application to the State for the improvement of its existing facility, such improvement of the facility is hereinafter sometimes referred to as the project; and

WHEREAS, the Contractor is a canal and reservoir company within the State of Colorado;

NOW THEREFORE, it is hereby agreed that: **PAID IN FULL**

1. The Contractor shall have a feasibility report prepared and directed to the problem of improving the facilities of the Worster Dam and Reservoir in accordance with a proposal for a project feasibility report prepared by the consulting engineering firm of Woodward-Clyde Consultants (the Consultant) and approved by the State, received December 18, 1992, which proposal is attached hereto as Appendix A and made a part of this contract.

2. Three (3) copies of the final report called for in this contract shall be furnished to the State not later than ninety (90) days after the date of this contract, unless such time is extended by mutual agreement of the parties hereto in writing.

Divide.con

3. As compensation for the services of the Contractor, the State shall pay to the Contractor the sum of Eight Thousand Dollars (\$8,000) in the manner following:

a. Sixty percent (60%), to wit, Four Thousand Eight Hundred Dollars (\$4,800) of the total amount due in two (2) monthly installments of Two Thousand Four Hundred Dollars (\$2,400) each, commencing thirty (30) days after the date of this contract.

b. The remaining forty percent (40%), to wit, Three Thousand Two Hundred Dollars (\$3,200) within forty (40) days following receipt and acceptance of the written report specified in paragraph 2. of this contract.

4. The total cost of services to be rendered for the Contractor by the Consultant is Sixteen Thousand Dollars (\$16,000) and the Contractor shall pay the sum of Eight Thousand Dollars (\$8,000) as agreed to by letter dated December 18, 1992, which is hereby attached and made a part of this contract as Appendix B; and in no event shall this payment be the liability of the State of Colorado.

5. In consideration of the State assuming a portion of the cost of the preparation of the said project feasibility report, the Contractor shall pay to the State the sum of Ten Thousand Three Hundred Forty Dollars (\$10,340) which includes principal plus interest at five percent (5%) per annum, provided that construction of the subject water project is initiated within ten (10) years of the date of this contract. The Contractor shall fulfill this obligation irrespective of how or by whom or to what specifications or plans the subject project is financed, paid, or constructed for so long as construction of the project is initiated within the specified time.

6. In the event the Contractor must make payment pursuant to the terms of paragraph 5. above, then the said sum of Ten Thousand Three Hundred Forty Dollars (\$10,340) shall be payable in ten (10) equal yearly installments of One Thousand Thirty Four Dollars (\$1,034) each, the first installment to be due and payable upon the January 1st next succeeding the initiation of construction on the said water project. Subsequent payments shall be due and payable on January 1st of each year thereafter.

7. This contract is personal in nature and assignment of performance by the Contractor to another is prohibited unless prior approval in writing is granted by the State.

8. The Contractor is an independent contractor and as such is not entitled to any benefits of the State personnel system.

9. The original contract price stated in paragraph 4. and any additions thereto shall be adjusted to exclude any significant sums by which the State determines the contract price increased due to inaccurate, incomplete, or noncurrent wage rates and

other factual unit costs. All such contract adjustments shall be made within one (1) year following the end of the contract.

10. The Contractor warrants that he has not employed or retained any company or person, other than a bona fide employee working solely for him, to solicit or secure this contract and that he has not paid or agreed to pay any person, company, corporation, individual, or firm, other than a bona fide employee working solely for him, any fee, commission, percentage, gift, or other consideration contingent upon or resulting from the award or the making of this contract.

11. All notices, correspondence, or other documents required by this contract shall be delivered or mailed to the following addresses:

a. For the State

Mr. Daries C. Lile, Director
Colorado Water Conservation Board
721 State Centennial Building
1313 Sherman Street
Denver, CO 80203

Attn: Frank Akers

b. For the Contractor

Divide Canal & Reservoir Company
P.O. Box 206
Eaton, CO 80615

Attn: E. R. Gustafson, President

PAID IN FULL

SPECIAL PROVISIONS

CONTROLLER'S APPROVAL

1. This contract shall not be deemed valid until it shall have been approved by the Controller of the State of Colorado or such assistant as he may designate. This provision is applicable to any contract involving the payment of money by the State.

FUND AVAILABILITY

2. Financial obligations of the State payable after the current fiscal year are contingent upon funds for that purpose being appropriated, budgeted and otherwise made available.

BOND REQUIREMENT

3. If this contract involves the payment of more than fifty thousand dollars for the construction, erection, repair, maintenance, or improvement of any building, road, bridge, viaduct, tunnel, excavation or other public works for this State, the contractor shall, before entering the performance of any such work included in this contract, duly execute and deliver to and file with the official whose signature appears below for the State, a good and sufficient bond or other acceptable surety to be approved by said official in a penal sum not less than one-half of the total amount payable by the terms of this contract. Such bond shall be duly executed by a qualified corporate surety, conditioned for the due and faithful performance of the contract, and in addition, shall provide that if the contractor or his subcontractors fail to duly pay for any labor, materials, team hire, sustenance, provisions, provender or other supplies used or consumed by such contractor or his subcontractor in performance of the work contracted to be done, the surety will pay the same in an amount not exceeding the sum specified in the bond, together with interest at the rate of eight per cent per annum. Unless such bond, when so required, is executed, delivered and filed, no claim in favor of the contractor arising under this contract shall be audited, allowed or paid. A certified or cashier's check or a bank money order payable to the Treasurer of the State of Colorado may be accepted in lieu of a bond. This provision is in compliance with 38-26-106 CRS, as amended.

INDEMNIFICATION

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

DISCRIMINATION AND AFFIRMATIVE ACTION

5. The contractor agrees to comply with the letter and spirit of the Colorado Antidiscrimination Act of 1957, as amended, and other applicable law respecting discrimination and unfair employment practices (24-34-402, CRS 1982 Replacement Vol.), and as required by Executive Order, Equal Opportunity and Affirmative Action, dated April 16, 1975. Pursuant thereto, the following provisions shall be contained in all State contracts or sub-contracts.

During the performance of this contract, the contractor agrees as follows:

- (1) The contractor will not discriminate against any employee or applicant for employment because of race, creed, color, national origin, sex, marital status, religion, ancestry, mental or physical handicap, or age. The contractor will take affirmative action to insure that applicants are employed, and that employees are treated during employment, without regard to the above mentioned characteristics. Such action shall include, but not be limited to the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; lay-offs or terminations; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the contracting officer setting forth provisions of this non-discrimination clause.
- (2) The contractor will, in all solicitations or advertisements for employees placed by or on behalf of the contractor, state that all qualified applicants will receive consideration for employment without regard to race, creed, color, national origin, sex, marital status, religion, ancestry, mental or physical handicap, or age.
- (3) The contractor will send to each labor union or representative of workers with which he has collective bargaining agreement or other contract or understanding, notice to be provided by the contracting officer, advising the labor union or workers' representative of the contractor's commitment under the Executive Order, Equal Opportunity and Affirmative Action, dated April 16, 1975, and of the rules, regulations, and relevant Orders of the Governor.
- (4) The contractor and labor unions will furnish all information and reports required by Executive Order, Equal Opportunity and Affirmative Action of April 16, 1975, and by the rules, regulations and Orders of the Governor, or pursuant therein, and will permit access to his books, records, and accounts by the contracting agency and the office of the Governor or his designee for purposes of investigation to ascertain compliance with such rules, regulations and orders.
- (5) A labor organization will not exclude any individual otherwise qualified from full membership rights in such labor organization, or expel any such individual from membership in such labor organization or discriminate against any of its members in the full enjoyment of work opportunity, because of race, creed, color, sex, national origin, or ancestry.
- (6) A labor organization, or the employees or members thereof will not aid, abet, incite, compel or coerce the doing of any act defined in this contract to be discriminatory or obstruct or prevent any person from complying with the provisions of this contract or any order issued thereunder; or attempt either directly or indirectly, to commit any act defined in this contract to be discriminatory.

(7) In the event of the contractor's non-compliance with the non-discrimination clauses of this contract or with any of such rules, regulations, or orders, this contract may be cancelled, terminated or suspended in whole or in part and the contractor may be declared ineligible for further State contracts in accordance with procedures, authorized in Executive Order, Equal Opportunity and Affirmative Action of April 16, 1975 and the rules, regulations, or orders promulgated in accordance therewith, and such other sanctions as may be imposed and remedies as may be invoked as provided in Executive Order, Equal Opportunity and Affirmative Action of April 16, 1975, or by rules, regulations, or orders promulgated in accordance therewith, or as otherwise provided by law.

(8) The contractor will include the provisions of paragraph (1) through (8) in every sub-contract and subcontractor purchase order unless exempted by rules, regulations, or orders issued pursuant to Executive Order, Equal Opportunity and Affirmative Action of April 16, 1975, so that such provisions will be binding upon each subcontractor or vendor. The contractor will take such action with respect to any sub-contracting or purchase order as the contracting agency may direct, as a means of enforcing such provisions, including sanctions for non-compliance; provided, however, that in the event the contractor becomes involved in, or is threatened with, litigation with the subcontractor or vendor as a result of such direction by the contracting agency, the contractor may request the State of Colorado to enter into such litigation to protect the interest of the State of Colorado.

COLORADO LABOR PREFERENCE

6a. Provisions of 8-17-101 & 102, CRS for preference of Colorado labor are applicable to this contract if public works within the State are undertaken hereunder and are financed in whole or in part by State funds.

b. When construction contract for a public project is to be awarded to a bidder, a resident bidder shall be allowed a preference against a non-resident bidder from a state or foreign country equal to the preference given or required by the state or foreign country in which the non-resident bidder is a resident. If it is determined by the officer responsible for awarding the bid that compliance with this subsection .06 may cause denial of federal funds which would otherwise be available or would otherwise be inconsistent with requirements of federal law, this subsection shall be suspended, but only to the extent necessary to prevent denial of the moneys or to eliminate the inconsistency with federal requirements (section 8-19-101 and 102, CRS).

GENERAL

7. 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.

8. 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.

9. The signatories hereto aver that they are familiar with 18-8-301, et. seq., (Bribery and Corrupt Influences) and 18-8-401, et. seq., (Abuse of Public Office), CRS 1978 Replacement Vol., and that no violation of such provisions is present.

10. The signatories aver that to their knowledge, no state employee has a personal or beneficial interest whatsoever in the service or property described herein:

IN WITNESS WHEREOF, the parties hereto have executed this Contract on the day first above written.

Contractor:

(Full Legal Name) _____

DIVIDE CANAL & RESERVOIR COMPANY

by: E. R. Gustafson

E. R. Gustafson
Position (Title) President

84-0190122

Social Security Number or Federal I.D. Number

STATE OF COLORADO

ROY ROMER, GOVERNOR

By [Signature]

For the Executive Director
DEPARTMENT OF NATURAL RESOURCES
(COLO. WATER CONSERVATION BOARD
DARIES C. LILE, P.E., DIRECTOR)

(If Corporation:)

Attest (Seal)

By [Signature]

Corporation Secretary or Equivalent Town/City/Country Clerk
Donn Engel, Corporate Secretary

ATTORNEY GENERAL GALE A. NORTON
ATTORNEY GENERAL

By [Signature]

DAVID M. KAYE
FIRST ASSISTANT ATTORNEY GENERAL
LEGAL SERVICES

PAID IN FULL

APPROVALS

CONTROLLER

By [Signature]

CLIFFORD W. HALL

TABLE 1
ESTIMATED WCC COST
WORSTER DAM OUTLET REPAIRS

*Design Memorandum	\$7,000
*Plans, Specifications, and Engineer's Estimate	16,000
*Feasibility Study	<u>16,000</u>
*Piezometer Installation	12,400
Bid Assistance and Record Drawings	<u>10,000</u>
Total	<u>\$61,400</u>

* Lump Sum Item

PAID IN FULL

IRRIGATION OFFICE

106 ELM STREET

P.O. BOX 206
EATON, COLORADO 80615

TELEPHONE 454-3377

Larimer & Weld Irrigation Co.
Larimer & Weld Reservoir Co.
Windsor Reservoir & Canal Co.
Owl Creek Supply & Irrigation Co.
Cache La Poudre Water Users Ass'n.
Divide Canal & Reservoir Co.

Lucas Lateral Ditch Co.
Town Boyd Lateral Co.
For Far Lateral Co.
Gale Lateral Co.
West Irrigation Co.
Decker Lateral Co.
Graham Lateral Co.



December 14, 1992

Mr. Frank Akers
Colorado Water Conservation Board
1313 Sherman Street, Room 721
Denver, Colorado 80203

Dear Mr. Akers:

Following a meeting with Keith Eberhardt in our offices in November, the Board of Directors of the Divide Canal & Reservoir Company decided to apply for a loan from your agency for the repairs and rehabilitation of Worster Reservoir. We believe that construction activities will consist of lining of the outlet structure and installation of piezometers on the downstream face of the dam. It has also been recommended that we repair a seep on the downstream face of the dam to comply with regulations set by the State Engineer.

Our engineer has estimated that the feasibility report for the above projects will cost approximately \$16,000 and will take approximately six weeks to complete. We're requesting that the Colorado Water Conservation Board pay one-half of this cost.

PAID IN FULL

We would appreciate your decision regarding our application at your earliest convenience.

Sincerely,
E. R. Gustafson
E. R. Gustafson
President

RESOLUTIONS OF THE BOARD OF DIRECTORS
OF
DIVIDE CANAL AND RESERVOIR COMPANY

The following resolutions were unanimously adopted by the board of directors of the Divide Canal and Reservoir Company at a meeting of the Board of Directors held on Feb. 2, 1993 at the office of the company in Eaton, Colorado.

RESOLVED, that the board of directors hereby approves the Contract between the Company and the State of Colorado Natural Resources Division (Colorado Water Conservation Board) involving the project for the construction and rehabilitation of its Worster Dam facility to be funded by a loan from the CWCB in the principal sum of \$517,000.00 as set forth in said Contract. The board hereby authorizes the officers of the Company to execute said Contract and all other necessary documents in connection with this project.

RESOLVED, that the board and officers shall take all necessary actions consistent with the Contract to levy assessments as may be necessary to raise sufficient funds to pay the Contract loan debt in a timely manner as required by the terms and conditions of the Contract and to assure repayment of the project loan to the CWCB.

RESOLVED, that the board of directors hereby approves the UCC Security Agreement and Financing Statement attached to the Contract pledging assessments of the Company as security for the loan referenced by the Contract and hereby authorizes the officers of the Company to execute the said UCC Security Agreement and Financing Statement.

RESOLVED, that the board of directors hereby authorizes the officers of the Company to execute a Deed of Trust within thirty days of the substantial completion of the project pledging as additional security or collateral for the loan pursuant to the Contract an undivided 100% of the Worster Dam, reservoir, appurtenant structures and all lands on which they lie as required by said Contract. The officers of the Company are hereby authorized to said Deed of Trust when appropriate as provided by the terms of the Contract.

RESOLVED, that the officers of the Company are hereby directed to set aside sufficient assessment revenues in a special fund separate and apart from other revenues of the Company to assure annual repayment of the installment payments pursuant to the Contract to the CWCB.

RESOLVED, that the officers of the Company are hereby authorized and directed to execute whatever additional documents as may be necessary or required in order to complete the project as contemplated by the terms and conditions of the Contract.

Dated this 2nd day of Feb., 1993.

DIVIDE CANAL AND RESERVOIR COMPANY

by: E. R. Gustafson
Chairman and Director

(S E A L)

E. R. Gustafson
President

ATTEST:

Norm Engel
Secretary





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IRRIGATION OFFICE

106 ELM STREET

P.O. BOX 206
EATON, COLORADO 80615

TELEPHONE 454-3377

Larimer & Weld Irrigation Co.
Larimer & Weld Reservoir Co.
Windsor Reservoir & Canal Co.
Owl Creek Supply & Irrigation Co.
Cache La Poudre Water Users Ass'n.
✓ Divide Canal & Reservoir Co.

RECEIVED

MAR 08 1995

Colorado Water
Conservation Board

Lucas Lateral Ditch Co.
Town Boyd Lateral Co.
For Far Lateral Co.
Gale Lateral Co.
West Irrigation Co.
Decker Lateral Co.
Graham Lateral Co.

March 6, 1995

Mr. Mike Serlet
Colorado Water Conservation Board
1313 Sherman St., Room 721
Denver, Co 80203

Dear Mr. Serlet:

The Divide Canal and Reservoir Company would like to request that the Loan for The Worster Dan and Outlet Rehabilitation be increased from \$525,000 to \$665,000.

The current budget for the project is based on the conceptual cost estimate prepared by Woodward-Clyde Consultants and submitted to your office in their feasibility report dated January, 1993. Since the preparation of the feasibility study, additional investigations have been performed and a final design has been prepared. The design has remained unchanged from that envisioned in the feasibility study. Other conditions beyond our control, however, have increased the project cost. In general, factors which have contributed to an increase in the cost include:

- Extended bidding period
- Limited contractor availability
- Project size and market pricing resulting in increased unit cost
- Increase in cost for high density polyethylene sheeting and pipe

PAID IN FULL

We, therefore, request that the current loan be increased by \$140,000 for a total loan of \$665,000. We have revised the amortization table and have attached a copy.

Please call us if you have any questions.

Sincerely,

E. R. Gustafson

ATTACHMENT A

RECEIVED

MAY 10 1995

Colorado Water
Conservation Board

DIVIDE CANAL & RESERVOIR COMPANY

P. O. BOX 206
106 ELM STREET
EATON, COLORADO 80615
303/454-3377

May 2, 1995

Colorado Water Conservation Board
Attn: William P. Stanton
1313 Sherman Street, Room 721
Denver, CO 80203

RE: Contract #C153641L - Dated October 8, 1993

Dear Bill,

This is to request an extension of the time for completion. The contract referenced above states that the project is to be completed within two years of the date of contract which would be October 8, 1995. We anticipate that the project completion will be done within six months of that date, or by April 8, 1996. The six month extension is to accommodate project delays resulting from the construction bid process. Contract negotiations with construction contractors extended beyond the 1994 construction window. Construction is now scheduled to commence in late summer 1995, after the irrigation season and for completion in late winter or early spring depending on construction site weather conditions.

If you have any additional questions regarding this request for time extension, please contact me or John Andrews of Woodward Clyde.

Sincerely,


Donn Engel, Secretary

PAID IN FULL

ATTACHMENT B

AGENCY NAME	Water Conservation Board
AGENCY NUMBER	PDA
ROUTING NUMBER	960188

CONTRACT AMENDMENT #1

THIS AMENDMENT, made this 11 day of December 1995, by and between the State of Colorado for the use and benefit of the Department of Natural Resources, Colorado Water Conservation Board (CWCB), hereinafter referred to as the STATE, and the DIVIDE CANAL AND RESERVOIR COMPANY, P. O. Box 206, EATON, COLORADO 80615, hereinafter referred to as the CONTRACTOR.

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 in Fund Number 424, Appropriation Code 446, Contract Encumbrance Number C153641L; and
2. Required approval, clearance, and coordination has been accomplished from and with appropriate agencies; and
3. The STATE and the CONTRACTOR entered into a contract dated October 8, 1993, Contract Routing Number 940214, Contract Encumbrance Number C153641L, hereinafter referred to as ORIGINAL CONTRACT, wherein the STATE agreed to loan money in the total amount of \$525,000 (\$517,000 for project design and construction, \$8,000 for feasibility study), and the CONTRACTOR agreed to repay the loan in accordance with the terms of the ORIGINAL CONTRACT; and
4. CONTRACTOR submitted a letter dated March 6, 1995, attached hereto and referred to as ATTACHMENT A, requesting that the loan amount be increased by \$140,000 to \$665,000 due to several situations, described in said letter, beyond the control of the CONTRACTOR; and
5. At its March 13, 1995, meeting, the Board approved the increase of the loan amount by \$140,000 to \$665,000 in accordance with Chapter 254, Section 1(2), 1993 Session Laws, and extended the length of the loan from twenty (20) to thirty (30) years; and
6. The loan amount of \$525,000 was originally authorized pursuant to Chapter 254, Section 1, Session Laws of Colorado 1993, and the increased amount of \$665,000 with a term of thirty (30) years has been approved by amendment in Chapter 117, Section 9 (1995 Session Laws, HB 95-1155); and
7. CONTRACTOR submitted a letter dated May 2, 1995, attached hereto and hereinafter referred to as ATTACHMENT B, requesting that the time for completion as described in Paragraph B.3 of Original Contract be extended by one year to October 8, 1996; and
8. CWCB has determined that an extension of the time for completion is justified by the CONTRACTOR'S circumstances, and agrees to extend time for completion of the project by six months.

NOW THEREFORE, it is hereby agreed that

1. Consideration for this Amendment to the ORIGINAL CONTRACT consists of the payments which shall be made pursuant to this Amendment and ORIGINAL CONTRACT and the promises and agreements herein set forth.

2. It is expressly agreed by the parties that this Amendment is supplemental to the ORIGINAL CONTRACT which is identified as **ATTACHMENT C**, and is made a part hereof, and all terms, conditions, and provisions thereof, unless specifically modified herein, are to apply to this Amendment as though they were expressly rewritten, incorporated, and included herein.

3. It is agreed the ORIGINAL CONTRACT is and shall be modified, altered, and changed in the following respects only:

a. **Paragraph B.3** shall be changed to read as follows:

3. Cause construction of the project to be completed by April 18, 1996, which is within two and one-half (2½) years of the date of this contract, in accordance with the project plans and specifications and any necessary modifications thereof approved by the STATE. This time may be extended by the STATE in writing if such time is insufficient because of circumstances beyond the control of the CONTRACTOR. The CONTRACTOR must provide justification of any such circumstances.

b. **Paragraph B.5** shall be amended by replacing the last paragraph with the following:

Said general liability insurance shall name the CONTRACTOR and the STATE as additional insured. No payments shall be made to the CONTRACTOR under this contract unless current certificates of all such insurance and additional insured endorsements are provided by the insurance companies to the STATE.

c. **Paragraph B.13** shall be changed to read as follows:

13. Promissory Note Provisions. The CONTRACTOR understands that this contract is a promissory note for the repayment of funds loaned according to the terms set forth herein.

a. **Principal amount.** The principal amount of the loan shall be the total amount of funds advanced by the STATE to the CONTRACTOR under the terms of this contract, not to exceed \$665,000, hereinafter referred to as MAXIMUM LOAN AMOUNT.

b. **Interest rate.** The interest on the principal shall accrue at the rate of **four percent (4%)** per annum starting at the beginning of the month following substantial completion of the project as declared by the STATE.

c. **Duration.** The repayment period of this loan shall be **thirty (30)** years.

d. **Loan payment.** If the amount borrowed is the MAXIMUM LOAN AMOUNT, payments would be made in **thirty (30)** annual installments of **Thirty-Eight Thousand Four Hundred Fifty-Seven Dollars and Two Cents (\$38,457.02)**, which amount includes principal and interest. The first installment shall be due and payable on the first day of the month following substantial completion of the project as declared by the STATE, and yearly thereafter until the entire principal sum and any accrued interest shall have been paid. Installment payments are to be made payable to the CWCB at the address given below.

e. **Prepayment conditions.** The CONTRACTOR may prepay all or any of the loan at any time, without penalty. These payments will be applied first to any accrued interest and then to reduce the principal amount.

d. Paragraph D.1 shall be changed to read as follows:

1. Loan to the CONTRACTOR for the construction of the project an amount not to exceed Six Hundred Fifty-Seven Thousand Dollars (\$657,000). Said amount shall be made available to the CONTRACTOR in accordance with the following terms and conditions:

e. Paragraph J shall be changed to read as follows:

J. **Release after loan is repaid.** Upon completion of repayment to the STATE of the entire principal and any accrued interest as specified in the promissory note provisions of this contract, the STATE agrees to execute a release of deed of trust to convey to the CONTRACTOR all of the STATE'S right, title, and interest in and to the PROJECT and any other property described in the deed of trust.

4. The Parties agree to the addition of the following paragraphs to the ORIGINAL CONTRACT.

a. Paragraph B.10 shall be amended by addition of the following paragraph:

In addition to the Resolution referred to in the previous paragraph, the stockholders or the board of directors shall also provide a resolution authorizing the CONTRACTOR to contract this additional debt in accordance with the provisions of the previous paragraph. Said resolution is attached hereto and referred to hereinafter as **ATTACHMENT D**.

b. Paragraph N shall be changed to read as follows:

N. **Establish security interest in the revenues.** The CONTRACTOR agrees that in order to provide a security interest for the STATE irrevocably pledging such revenues, it will provide a Uniform Commercial Code Security Agreement and Uniform Commercial Code Financing Statement, incorporated herein as **ATTACHMENT E**. No monies shall be advanced prior to CONTRACTOR providing this form. Contractor further agrees that within thirty (30) days prior to the end of the fourth year that this contract is in effect and every five (5) years thereafter, deliver to the STATE fully and properly executed Continuation Statements (Form UCC-3) of the security interests (UCC Security Agreement and Financing Statement) required by this contract.

c. Paragraph B.14 shall be amended by addition of the following paragraph:

Additional security provided for this loan in addition to Worster Reservoir shall be an undivided one hundred percent (100%) interest of the following:

Water rights of the Worster Reservoir, located in the SWSWSE of Section 5, Township 11 North, Range 74 West of the Sixth Principal Meridian, Larimer County, the decreed amount of 1,515 acre feet, adjudication date of April 22, 1922, appropriation date of July 14, 1907, Court Case #2031.

Said water rights shall be secured in favor of the State by a Uniform Commercial Code Security Agreement and Financing Statement, incorporated herein as **ATTACHMENT F** and by a deed of trust. The CONTRACTOR shall provide to the STATE an original executed and recorded deed of trust within thirty (30) days of substantial completion of the PROJECT. CONTRACTOR warrants that this water right is not encumbered by any other deeds of trust to any party other than the STATE or in any other manner.

5. The effective date of this Amendment is the date first written above.

6. Except for the SPECIAL PROVISIONS, in the event of any conflict, inconsistency, variance, or contradiction between the provisions of this Amendment and any of the provisions of the ORIGINAL CONTRACT, the provisions of this Amendment shall in all respects supersede, govern, and control. The SPECIAL PROVISIONS shall always be controlling over other provisions in the contract or amendments. The representations in the SPECIAL PROVISIONS concerning the absence of bribery or corrupt influences and personal interest of STATE employees are presently reaffirmed.

7. Financial obligations of the state payable after the current fiscal year are contingent upon funds for that purpose being appropriated, budgeted, and otherwise made available.

8. This amendment shall not be deemed valid or effective until it shall have been approved by the controller of the State of Colorado or such assistant as he may designate.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment on the day first above written.

CONTRACTOR: Divide Canal & Reservoir Co.

By E.R. Gustafson
E.R. Gustafson, President

Print name & title _____

Federal ID Number: 84-0190122

Attest (Seal)

By Donn Engel
Corporate Secretary or Equivalent, Town/City/County Clerk
Donn Engel, Secretary

State of Colorado
Roy Romer, Governor

By Peter Evans for
For the Executive Director
DEPARTMENT OF NATURAL RESOURCES
COLORADO WATER CONSERVATION BOARD
Daries C. Lile, P.E., Director

APPROVALS

ATTORNEY GENERAL

By Gale A. Norton
Attorney General

C. Richard Pennington
Assistant Attorney General
State Services Section

APPROVALS:
STATE CONTROLLER
BY: Christa Trujillo

C:\Contract\Divide.AMD(8/21/95)

PAID IN FULL



100-100000

DEED OF TRUST

THIS INDENTURE, Made this 19th day of September 1995, between
The Divide Canal and Reservoir Company

whose address is P.O. Box 206, Eaton, CO 80615

hereinafter referred to as grantor, and the Public Trustee of the
Larimer State of Colorado, hereinafter referred to as Public Trustee.

WITNESSETH, THAT, WHEREAS,

The Divide Canal and Reservoir Company

has executed a promissory note or notes, hereinafter referred to in the singular, dated _____, for the
principal sum of Five Hundred Seventeen Thousand and no/100 Dollars (\$517,000.00) payable to the order of
the State of Colorado for the use and benefit of the Colorado Water Conservation Board
whose address is 1313 Sherman Street, Room 721, Denver, CO 80203

after the date hereof, with interest thereon from the date thereof
at the rate of four (4%) percent per annum, payable in equal annual installments of \$38,630.00 each
for twenty (20) years as set forth in the Contract between the parties.

AND WHEREAS, The grantor is desirous of securing payment of the principal and interest of said promissory note in whose hands soever the said
note or any of them may be.

NOW, THEREFORE, The grantor, in consideration of the premises and for the purpose aforesaid, does hereby grant, bargain, sell and convey
unto the said Public Trustee in trust forever, the following described property, situate in the _____ County of
Larimer State of Colorado, to wit:

In Section 5, Township 11 North, Range 74 West, Larimer County, Colorado.

The Worster Dam, reservoir, outlet, appurtenant structures and all lands
on which they lie, all located in Larimer County, Colorado.

Worster Dam is located in Larimer County, northwest of Fort Collins, CO.
The Dam facility is located approximately 50 miles northwest of Fort Collins on
Cherokee Park Road (Larimer County Road 80C) in a mountainous area 5 miles south
of the Colorado, Wyoming border. The Dam is situated on Sheep Creek, a tributary
to the north fork of the Cache La Poudre River.

also known by street and number as

TO HAVE AND TO HOLD the same, together with all and singular the privileges and appurtenances thereunto belonging: In Trust nevertheless, that
in case of default in the payment of said note or any of them, or any part thereof, or in the payment of the interest thereon, according to the tenor and effect of
said note or any of them, or in the payment of any prior encumbrances, principal or interest, if any, or in case default shall be made in or in case of violation
or breach of any of the terms, conditions, covenants or agreements herein contained, the beneficiary hereunder or the legal holder of the indebtedness
secured hereby may declare a violation of any of the covenants herein contained and elect to advertise said property for sale and demand such sale, then,
upon filing notice of such election and demand for sale with the Public Trustee, who shall upon receipt of such notice of election and demand for sale cause
a copy of the same to be recorded in the recorder's office of the county in which said real estate is situated, it shall and may be lawful for the Public Trustee
to sell and dispose of the same (en masse or in separate parcels, as the said Public Trustee may think best), and all the right, title and interest of the grantor,

his heirs or assigns therein, at public auction at the front door of the Court House, in the County of

Larimer State of Colorado, or on said premises, or any part thereof as may be specified in the notice of said sale, for the highest and best price the
same will bring in cash, four weeks public notice having been previously given of the time and place of such sale, by advertisement, weekly, in some

newspaper of general circulation at that time published in said County of Larimer, a copy of which notice shall be mailed
within ten days from the date of the first publication thereof to the grantor at the address herein given and to such person or persons appearing to have
acquired a subsequent record interest in said real estate at the address given in the recorded instrument; where only the county and state is given as the
address then such notice shall be mailed to the county seat, and to make and give to the purchaser or purchasers of such property at such sale, a certificate
or certificates in writing describing such property purchased, and the sum or sums paid therefor, and the time when the purchaser or purchasers (or other
person entitled thereto) shall be entitled to a deed or deeds therefor, unless the same shall be redeemed as is provided by law; and said Public Trustee shall,
upon demand by the person or persons holding the said certificate or certificates of purchase, when said demand is made, or upon demand by the person
entitled to a deed to and for the property purchased, at the time such demand is made, the time for redemption having expired, make and execute to such
person a deed or deeds to the said property purchased, which said deed or deeds shall be in the ordinary form of a conveyance, and shall be
signed, acknowledged and delivered by the said Public Trustee and shall convey and quitclaim to such person or persons entitled to such deed, the said
property purchased as aforesaid and all the right, title, interest, benefit and equity of redemption of the grantor, his heirs and assigns therein, and shall
recite the sum or sums for which the said property was sold and shall refer to the power of sale therein contained, and to the sale or sales made by virtue
thereof; and in case of an assignment of such certificate or certificates of purchase, or in case of the redemption of such property, by a subsequent
encumbrancer, such assignment or redemption shall also be referred to in such deed or deeds; but the notice of sale need not be set out in such deed or
deeds and the Public Trustee shall, out of the proceeds or avails of such sale, after first paying and retaining all fees, charges and costs of making said sale,
pay to the beneficiary hereunder or the legal holder of said note the principal and interest due on said note according to the tenor and effect thereof, and all
moneys advanced by such beneficiary or legal holder of said note for insurance, taxes and assessments, with interest thereon at 4 per cent per
annum, rendering the overplus, if any, unto the grantor, his legal representatives or assigns; which sale or sales and said deed or deeds so made shall be a
perpetual bar, both in law and equity, against the grantor, his heirs and assigns, and all other persons claiming the said property, or any part thereof, by,
from, through or under the grantor, or any of them. The holder or holders of said note or notes may purchase said property or any part thereof; and it shall
not be obligatory upon the purchaser or purchasers at any such sale to see to the application of the purchase money. If a release deed be required, it is
agreed that the grantor, his heirs or assigns, will pay the expense thereof.

*If in Denver, insert "City and."

23/2

And the grantor, for himself and his heirs, personal representatives or assigns covenants and agrees to and with the Public Trustee, that at the time of the ensembling of and delivery of these presents he is well seized of the said land and tenements in fee simple, and has good right, full power and lawful authority to grant, bargain, sell and convey the same in the manner and form as aforesaid; hereby fully and absolutely waiving and releasing all rights and claims he may have in or to said lands, tenements, and property as a Homestead Exemption, or other exemption, under and by virtue of any act of the General Assembly of the State of Colorado, or as any exemption under and by virtue of any act of the United States Congress, now existing or which may hereafter be passed in relation thereto and that the same are free and clear of all liens and encumbrances whatever, except **none**

and the above bargained property in the quiet and peaceable possession of the Public Trustee, his successors and assigns, against all and every person or persons lawfully claiming or to claim the whole or any part thereof, the grantor shall and will Warrant and Forever Defend.

Until payment in full of the indebtedness, the grantor shall timely pay all taxes and assessments levied on the property; any and all amounts due on account of principal and interest or other sums on any senior encumbrances, if any; and will keep all improvements that may be on said lands insured against any casualty loss, including extended coverage, in a company or companies meeting the net worth requirements of the beneficiary hereof in an amount not less than the then total indebtedness. Each policy shall contain a loss payable clause naming the beneficiary as mortgagee and shall further provide that the insurance may not be canceled upon less than ten days written notice to the beneficiary. At the option of the beneficiary, the original policy or policies of insurance shall be delivered to the beneficiary as further security for the indebtedness. Should the grantor fail to insure and deliver the policies or to pay taxes or assessments as the same fall due, or to pay any amounts payable upon senior encumbrances, if any, the beneficiary may make any such payments or procure any such insurance, and all monies so paid with interest thereon at the rate of 4 % per annum shall be added to and become a part of the indebtedness secured by this Deed of Trust and may be paid out of the proceeds of the sale of the property if not paid by the grantor. In addition, and at its option, the beneficiary may declare the indebtedness secured hereby and this Deed of Trust to be in default for failure to procure insurance or make any of the payments required by this paragraph.

If all or any part of the property or an interest therein is sold or transferred by the grantor without beneficiary's prior written consent, excluding (a) the creation of a lien or encumbrance subordinate to this Deed of Trust, (b) the creation of a purchase money security interest for household appliances, (c) a transfer by devise, descent or by operation of law upon the death of a joint tenant or (d) the grant of any leasehold interest of three years or less not containing an option to purchase, beneficiary may, at beneficiary's option, declare all the sums secured by this Deed of Trust to be immediately due and payable. Beneficiary shall have waived such option to accelerate if, prior to the sale or transfer, beneficiary and the person to whom the property is to be sold or transferred reach agreement in writing that the credit of such person is satisfactory to beneficiary and that the interest payable on the sums secured by this Deed of Trust shall be at such rate as beneficiary shall request.

AND THAT IN CASE OF ANY DEFAULT, Whereby the right of foreclosure occurs hereunder, the Public Trustee or the holder of said note or certificate of purchase, shall at once become entitled to the possession, use and enjoyment of the property aforesaid, and to the rents, issues and profits thereof, from the accruing of such right and during the pendency of foreclosure proceedings and the period of redemption, if any there be; and such possession shall at once be delivered to the Public Trustee or the holder of said note or certificate of purchase on request, and on refusal, the delivery of such possession may be enforced by the Public Trustee or the holder of said note or certificate of purchase by any appropriate civil suit or proceeding, and the Public Trustee, or the holder of said note or certificate of purchase, or any thereof, shall be entitled to a Receiver for said property, and of the rents, issues and profits thereof, after such default, including the time covered by foreclosure proceedings and the period of redemption, if any there be, and shall be entitled thereto as a matter of right without regard to the solvency or insolvency of the grantor or of the then owner of said property and without regard to the value thereof, and such Receiver may be appointed by any court of competent jurisdiction upon ex parte application and without notice — notice being hereby expressly waived — and all rents, issues and profits, income and revenue therefrom shall be applied by such Receiver to the payment of the indebtedness hereby secured, according to the law and the orders and directions of the court.

AND, That in case of default in any of said payments of principal or interest, according to the tenor and effect of said promissory note aforesaid, or any of them, or any part thereof, or of a breach or violation of any of the covenants or agreements herein, by the grantor, his personal representatives or assigns, then and in that case the whole of said principal sum hereby secured, and the interest thereon to the time of the sale, may at once, at the option of the legal holder thereof, become due and payable, and the said property be sold in the manner and with the same effect as if said indebtedness had matured, and that if foreclosure be made by the Public Trustee, an attorney's fee of the sum of in a reasonable amount dollars for services in the supervision of said foreclosure proceedings shall be allowed by the Public Trustee as a part of the cost of foreclosure, and if foreclosure be made through the courts a reasonable attorney's fee shall be taxed by the court as a part of the cost of such foreclosure proceedings.

The singular number shall include the plural, the plural the singular, and the use of any gender shall be applicable to all genders.

Executed this _____ day of _____ 19 93 .

ATTEST: Donn Engel, Corporate Secretary
(SEAL)

State of Colorado } ss.
County of _____

THE DIVIDE CANAL AND RESERVOIR COMPANY

by: E. R. Gustafson, President

The foregoing instrument was acknowledged before me this _____ day of _____, 19 93 .
by E. R. Gustafson, President, and Donn Engel, Corporate Secretary of The Divide Canal and Reservoir Company, a Colorado Corporation.
Witness my hand and seal.

My commission expires : _____ Notary Public

CLERK'S NOTE--NO NOTARY/SEAL

CLERK'S NOTE--NO SIGNATURE

No. _____

DEED OF TRUST

FROM _____

TO _____

THE PUBLIC TRUSTEE
FOR THE USE OF _____

STATE OF COLORADO
County of _____

I hereby certify that this instrument was filed for
record in my office at _____ o'clock _____ M.,
_____ 19 _____, and is duly
recorded in book _____ page _____
Film No. _____ Reception No. _____

Clerk and Recorder
Deputy _____

Fees, \$ _____

BRADFORD PUBLISHING CO.

DEPARTMENT OR AGENCY NAME
DEPARTMENT OR AGENCY NUMBER <i>PDA</i>
ROUTING NUMBER <i>93465</i>

\$8,000

FEASIBILITY REPORT
CONTRACT

THIS CONTRACT, made this 12th day of April, 1993, by and between the State of Colorado for the use and benefit of the Department of Natural Resources (Colorado Water Conservation Board), hereinafter referred to as the State, and The Divide Canal and Reservoir Company P.O. Box 206, Eaton, CO 80615 hereinafter referred to as the contractor/Contractor.

WHEREAS, 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 in Fund Number 424, Organization YYYY, Appropriation 613, Program WTRC, Object Code 5120, Contract Encumbrance Number, C153641; and

WHEREAS, required approval, clearance and coordination have been accomplished from and with appropriate agencies; and

WHEREAS, pursuant to the provisions of section 37-60-119, Colorado Revised Statutes, as amended, the State is authorized to construct certain water projects for the benefit of the people of the State of Colorado; and

WHEREAS, the Divide Canal and Reservoir Company has made application to the State for the improvement of its existing facility, such improvement of the facility is hereinafter sometimes referred to as the project; and

WHEREAS, the Contractor is a canal and reservoir company within the State of Colorado;

NOW THEREFORE, it is hereby agreed that:

1. The Contractor shall have a feasibility report prepared and directed to the problem of improving the facilities of the Worster Dam and Reservoir in accordance with a proposal for a project feasibility report prepared by the consulting engineering firm of Woodward-Clyde Consultants (the Consultant) and approved by the State, received December 18, 1992, which proposal is attached hereto as Appendix A and made a part of this contract.

2. Three (3) copies of the final report called for in this contract shall be furnished to the State not later than ninety (90) days after the date of this contract, unless such time is extended by mutual agreement of the parties hereto in writing.

Divide.con

3. As compensation for the services of the Contractor, the State shall pay to the Contractor the sum of Eight Thousand Dollars (\$8,000) in the manner following:

a. Sixty percent (60%), to wit, Four Thousand Eight Hundred Dollars (\$4,800) of the total amount due in two (2) monthly installments of Two Thousand Four Hundred Dollars (\$2,400) each, commencing thirty (30) days after the date of this contract.

b. The remaining forty percent (40%), to wit, Three Thousand Two Hundred Dollars (\$3,200) within forty (40) days following receipt and acceptance of the written report specified in paragraph 2. of this contract.

4. The total cost of services to be rendered for the Contractor by the Consultant is Sixteen Thousand Dollars (\$16,000) and the Contractor shall pay the sum of Eight Thousand Dollars (\$8,000) as agreed to by letter dated December 18, 1992, which is hereby attached and made a part of this contract as Appendix B; and in no event shall this payment be the liability of the State of Colorado.

5. In consideration of the State assuming a portion of the cost of the preparation of the said project feasibility report, the Contractor shall pay to the State the sum of Ten Thousand Three Hundred Forty Dollars (\$10,340) which includes principal plus interest at five percent (5%) per annum, provided that construction of the subject water project is initiated within ten (10) years of the date of this contract. The Contractor shall fulfill this obligation irrespective of how or by whom or to what specifications or plans the subject project is financed, paid, or constructed for so long as construction of the project is initiated within the specified time.

6. In the event the Contractor must make payment pursuant to the terms of paragraph 5. above, then the said sum of Ten Thousand Three Hundred Forty Dollars (\$10,340) shall be payable in ten (10) equal yearly installments of One Thousand Thirty Four Dollars (\$1,034) each, the first installment to be due and payable upon the January 1st next succeeding the initiation of construction on the said water project. Subsequent payments shall be due and payable on January 1st of each year thereafter.

7. This contract is personal in nature and assignment of performance by the Contractor to another is prohibited unless prior approval in writing is granted by the State.

8. The Contractor is an independent contractor and as such is not entitled to any benefits of the State personnel system.

9. The original contract price stated in paragraph 4. and any additions thereto shall be adjusted to exclude any significant sums by which the State determines the contract price increased due to inaccurate, incomplete, or noncurrent wage rates and

other factual unit costs. All such contract adjustments shall be made within one (1) year following the end of the contract.

10. The Contractor warrants that he has not employed or retained any company or person, other than a bona fide employee working solely for him, to solicit or secure this contract and that he has not paid or agreed to pay any person, company, corporation, individual, or firm, other than a bona fide employee working solely for him, any fee, commission, percentage, gift, or other consideration contingent upon or resulting from the award or the making of this contract.

11. All notices, correspondence, or other documents required by this contract shall be delivered or mailed to the following addresses:

a. For the State

Mr. Daries C. Lile, Director
Colorado Water Conservation Board
721 State Centennial Building
1313 Sherman Street
Denver, CO 80203

Attn: Frank Akers

b. For the Contractor

Divide Canal & Reservoir Company
P.O. Box 206
Eaton, CO 80615

Attn: E. R. Gustafson, President

PAID IN FULL

SPECIAL PROVISIONS

CONTROLLER'S APPROVAL

1. This contract shall not be deemed valid until it shall have been approved by the Controller of the State of Colorado or such assistant as he may designate. This provision is applicable to any contract involving the payment of money by the State.

FUND AVAILABILITY

2. Financial obligations of the State payable after the current fiscal year are contingent upon funds for that purpose being appropriated, budgeted and otherwise made available.

BOND REQUIREMENT

3. If this contract involves the payment of more than fifty thousand dollars for the construction, erection, repair, maintenance, or improvement of any building, road, bridge, viaduct, tunnel, excavation or other public works for this State, the contractor shall, before entering the performance of any such work included in this contract, duly execute and deliver to and file with the official whose signature appears below for the State, a good and sufficient bond or other acceptable surety to be approved by said official in a penal sum not less than one-half of the total amount payable by the terms of this contract. Such bond shall be duly executed by a qualified corporate surety, conditioned for the due and faithful performance of the contract, and in addition, shall provide that if the contractor or his subcontractors fail to duly pay for any labor, materials, team hire, sustenance, provisions, provender or other supplies used or consumed by such contractor or his subcontractor in performance of the work contracted to be done, the surety will pay the same in an amount not exceeding the sum specified in the bond, together with interest at the rate of eight per cent per annum. Unless such bond, when so required, is executed, delivered and filed, no claim in favor of the contractor arising under this contract shall be audited, allowed or paid. A certified or cashier's check or a bank money order payable to the Treasurer of the State of Colorado may be accepted in lieu of a bond. This provision is in compliance with 38-26-106 CRS, as amended.

INDEMNIFICATION

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

DISCRIMINATION AND AFFIRMATIVE ACTION

5. The contractor agrees to comply with the letter and spirit of the Colorado Antidiscrimination Act of 1957, as amended, and other applicable law respecting discrimination and unfair employment practices (24-34-402, CRS 1982 Replacement Vol.), and as required by Executive Order, Equal Opportunity and Affirmative Action, dated April 16, 1975. Pursuant thereto, the following provisions shall be contained in all State contracts or sub-contracts.

During the performance of this contract, the contractor agrees as follows:

(1) The contractor will not discriminate against any employee or applicant for employment because of race, creed, color, national origin, sex, marital status, religion, ancestry, mental or physical handicap, or age. The contractor will take affirmative action to insure that applicants are employed, and that employees are treated during employment, without regard to the above mentioned characteristics. Such action shall include, but not be limited to the following: employment, upgrading, demotion, or transfer, recruitment or recruitment advertising; lay-offs or terminations; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the contracting officer setting forth provisions of this non-discrimination clause.

(2) The contractor will, in all solicitations or advertisements for employees placed by or on behalf of the contractor, state that all qualified applicants will receive consideration for employment without regard to race, creed, color, national origin, sex, marital status, religion, ancestry, mental or physical handicap, or age.

(3) The contractor will send to each labor union or representative of workers with which he has collective bargaining agreement or other contract or understanding, notice to be provided by the contracting officer, advising the labor union or workers' representative of the contractor's commitment under the Executive Order, Equal Opportunity and Affirmative Action, dated April 16, 1975, and of the rules, regulations, and relevant Orders of the Governor.

(4) The contractor and labor unions will furnish all information and reports required by Executive Order, Equal Opportunity and Affirmative Action of April 16, 1975, and by the rules, regulations and Orders of the Governor, or pursuant thereto, and will permit access to his books, records, and accounts by the contracting agency and the office of the Governor or his designee for purposes of investigation to ascertain compliance with such rules, regulations and orders.

(5) A labor organization will not exclude any individual otherwise qualified from full membership rights in such labor organization, or expel any such individual from membership in such labor organization or discriminate against any of its members in the full enjoyment of work opportunity, because of race, creed, color, sex, national origin, or ancestry.

(6) A labor organization, or the employees or members thereof will not aid, abet, incite, compel or coerce the doing of any act defined in this contract to be discriminatory or obstruct or prevent any person from complying with the provisions of this contract or any order issued thereunder; or attempt either directly or indirectly, to commit any act defined in this contract to be discriminatory.

(7) In the event of the contractor's non-compliance with the non-discrimination clauses of this contract or with any of such rules, regulations, or orders, this contract may be cancelled, terminated or suspended in whole or in part and the contractor may be declared ineligible for further State contracts in accordance with procedures, authorized in Executive Order, Equal Opportunity and Affirmative Action of April 16, 1975 and the rules, regulations, or orders promulgated in accordance therewith, and such other sanctions as may be imposed and remedies as may be invoked as provided in Executive Order, Equal Opportunity and Affirmative Action of April 16, 1975, or by rules, regulations, or orders promulgated in accordance therewith, or as otherwise provided by law.

(8) The contractor will include the provisions of paragraph (1) through (8) in every sub-contract and subcontractor purchase order unless exempted by rules, regulations, or orders issued pursuant to Executive Order, Equal Opportunity and Affirmative Action of April 16, 1975, so that such provisions will be binding upon each subcontractor or vendor. The contractor will take such action with respect to any sub-contracting or purchase order as the contracting agency may direct, as a means of enforcing such provisions, including sanctions for non-compliance; provided, however, that in the event the contractor becomes involved in, or is threatened with, litigation with the subcontractor or vendor as a result of such direction by the contracting agency, the contractor may request the State of Colorado to enter into such litigation to protect the interest of the State of Colorado.

COLORADO LABOR PREFERENCE

6a. Provisions of 8-17-101 & 102, CRS for preference of Colorado labor are applicable to this contract if public works within the State are undertaken hereunder and are financed in whole or in part by State funds.

b. When construction contract for a public project is to be awarded to a bidder, a resident bidder shall be allowed a preference against a non-resident bidder from a state or foreign country equal to the preference given or required by the state or foreign country in which the non-resident bidder is a resident. If it is determined by the officer responsible for awarding the bid that compliance with this subsection .06 may cause denial of federal funds which would otherwise be available or would otherwise be inconsistent with requirements of federal law, this subsection shall be suspended, but only to the extent necessary to prevent denial of the moneys or to eliminate the inconsistency with federal requirements (section 8-19-101 and 102, CRS).

GENERAL

7. 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.

8. 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.

9. The signatories hereto aver that they are familiar with 18-8-301, et. seq., (Bribery and Corrupt Influences) and 18-8-401, et. seq., (Abuse of Public Office), CRS 1978 Replacement Vol., and that no violation of such provisions is present.

10. The signatories aver that to their knowledge, no state employee has a personal or beneficial interest whatsoever in the service or property described herein:

IN WITNESS WHEREOF, the parties hereto have executed this Contract on the day first above written.

Contractor:

(Full Legal Name) _____

DIVIDE CANAL & RESERVOIR COMPANY

by: E. R. Gustafson

E. R. Gustafson
Position (Title) President

84-0190122

Social Security Number or Federal I.D. Number

STATE OF COLORADO

ROY ROMER, GOVERNOR

By: [Signature]

For the Executive Director
DEPARTMENT OF NATURAL RESOURCES
(COLO. WATER CONSERVATION BOARD
DARIES C. LILE, P.E., DIRECTOR)

(If Corporation:)

Attest (Seal)

By: [Signature]

Corporation Secretary or Equivalent Town/City/County Clerk
Donn Engel, Corporate Secretary

ATTORNEY GENERAL GALE A. NORTON
ATTORNEY GENERAL

By: [Signature]

DAVID M. KAYE
FIRST ASSISTANT ATTORNEY GENERAL
STATE LEGAL SERVICES

APPROVALS

CONTROLLER

By: [Signature]

CLIFFORD W. HALL

TABLE 1
ESTIMATED WCC COST
WORSTER DAM OUTLET REPAIRS

*Design Memorandum	\$7,000
*Plans, Specifications, and Engineer's Estimate	16,000
*Feasibility Study	16,000
*Piezometer Installation	12,400
Bid Assistance and Record Drawings	<u>10,000</u>
Total	\$61,400

* Lump Sum Item

PAID IN FULL

IRRIGATION OFFICE

106 ELM STREET

P.O. BOX 206
EATON, COLORADO 80615

TELEPHONE 454-3377

Larimer & Weld Irrigation Co.
Larimer & Weld Reservoir Co.
Windsor Reservoir & Canal Co.
Owl Creek Supply & Irrigation Co.
Cache La Poudre Water Users Ass'n.
Divide Canal & Reservoir Co.

Lucas Lateral Ditch Co.
Town Boyd Lateral Co.
For Far Lateral Co.
Gale Lateral Co.
West Irrigation Co.
Decker Lateral Co.
Graham Lateral Co.



December 14, 1992

Mr. Frank Akers
Colorado Water Conservation Board
1313 Sherman Street, Room 721
Denver, Colorado 80203

PAID IN FULL

Dear Mr. Akers:

Following a meeting with Keith Eberhardt in our offices in November, the Board of Directors of the Divide Canal & Reservoir Company decided to apply for a loan from your agency for the repairs and rehabilitation of Worster Reservoir. We believe that construction activities will consist of lining of the outlet structure and installation of piezometers on the downstream face of the dam. It has also been recommended that we repair a seep on the downstream face of the dam to comply with regulations set by the State Engineer.

Our engineer has estimated that the feasibility report for the above projects will cost approximately \$16,000 and will take approximately six weeks to complete. We're requesting that the Colorado Water Conservation Board pay one-half of this cost.

We would appreciate your decision regarding our application at your earliest convenience.

Sincerely,
E. R. Gustafson
E. R. Gustafson
President

AGENCY NAME	Water Conservation Board
AGENCY NUMBER	PDA
ROUTING NUMBER	960188

C O N T R A C T A M E N D M E N T # 1

THIS AMENDMENT, made this 11 day of December 1995, by and between the State of Colorado for the use and benefit of the Department of Natural Resources, Colorado Water Conservation Board (CWCB), hereinafter referred to as the STATE, and the DIVIDE CANAL AND RESERVOIR COMPANY, P. O. Box 206, EATON, COLORADO 80615, hereinafter referred to as the CONTRACTOR.

R E C I T A L S

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 in Fund Number 424, Appropriation Code 446, Contract Encumbrance Number C153641L; and

2. Required approval, clearance, and coordination has been accomplished from and with appropriate agencies; and

3. The STATE and the CONTRACTOR entered into a contract dated October 8, 1993, Contract Routing Number 940214, Contract Encumbrance Number C153641L, hereinafter referred to as ORIGINAL CONTRACT, wherein the STATE agreed to loan money in the total amount of \$525,000 (\$517,000 for project design and construction, \$8,000 for feasibility study), and the CONTRACTOR agreed to repay the loan in accordance with the terms of the ORIGINAL CONTRACT; and

4. CONTRACTOR submitted a letter dated March 6, 1995, attached hereto and referred to as ATTACHMENT A, requesting that the loan amount be increased by \$140,000 to \$665,000 due to several situations, described in said letter, beyond the control of the CONTRACTOR; and

5. At its March 13, 1995, meeting, the Board approved the increase of the loan amount by \$140,000 to \$665,000 in accordance with Chapter 254, Section 1(2), 1993 Session Laws, and extended the length of the loan from twenty (20) to thirty (30) years; and

6. The loan amount of \$525,000 was originally authorized pursuant to Chapter 254, Section 1, Session Laws of Colorado 1993, and the increased amount of \$665,000 with a term of thirty (30) years has been approved by amendment in Chapter 117, Section 9 (1995 Session Laws, HB 95-1155); and

7. CONTRACTOR submitted a letter dated May 2, 1995, attached hereto and hereinafter referred to as ATTACHMENT B, requesting that the time for completion as described in Paragraph B.3 of Original Contract be extended by one year to October 8, 1996; and

8. CWCB has determined that an extension of the time for completion is justified by the CONTRACTOR'S circumstances, and agrees to extend time for completion of the project by six months.

NOW THEREFORE, it is hereby agreed that

1. Consideration for this Amendment to the ORIGINAL CONTRACT consists of the payments which shall be made pursuant to this Amendment and ORIGINAL CONTRACT and the promises and agreements herein set forth.

2. It is expressly agreed by the parties that this Amendment is supplemental to the ORIGINAL CONTRACT which is identified as **ATTACHMENT C**, and is made a part hereof, and all terms, conditions, and provisions thereof, unless specifically modified herein, are to apply to this Amendment as though they were expressly rewritten, incorporated, and included herein.

3. It is agreed the ORIGINAL CONTRACT is and shall be modified, altered, and changed in the following respects only:

a. Paragraph B.3 shall be changed to read as follows:

3. Cause construction of the project to be completed by April 18, 1996, which is within two and one-half (2½) years of the date of this contract, in accordance with the project plans and specifications and any necessary modifications thereof approved by the STATE. This time may be extended by the STATE in writing if such time is insufficient because of circumstances beyond the control of the CONTRACTOR. The CONTRACTOR must provide justification of any such circumstances.

b. Paragraph B.5 shall be amended by replacing the last paragraph with the following:

Said general liability insurance shall name the CONTRACTOR and the STATE as additional insured. No payments shall be made to the CONTRACTOR under this contract unless current certificates of all such insurance and additional insured endorsements are provided by the insurance companies to the STATE.

c. Paragraph B.13 shall be changed to read as follows:

13. Promissory Note Provisions. The CONTRACTOR understands that this contract is a promissory note for the repayment of funds loaned according to the terms set forth herein.

a. **Principal amount.** The principal amount of the loan shall be the total amount of funds advanced by the STATE to the CONTRACTOR under the terms of this contract, not to exceed \$665,000, hereinafter referred to as MAXIMUM LOAN AMOUNT.

b. **Interest rate.** The interest on the principal shall accrue at the rate of four percent (4%) per annum starting at the beginning of the month following substantial completion of the project as declared by the STATE.

c. **Duration.** The repayment period of this loan shall be thirty (30) years.

d. **Loan payment.** If the amount borrowed is the MAXIMUM LOAN AMOUNT, payments would be made in thirty (30) annual installments of **Thirty-Eight Thousand Four Hundred Fifty-Seven Dollars and Two Cents (\$38,457.02)**, which amount includes principal and interest. The first installment shall be due and payable on the first day of the month following substantial completion of the project as declared by the STATE, and yearly thereafter until the entire principal sum and any accrued interest shall have been paid. Installment payments are to be made payable to the CWCB at the address given below.

e. **Prepayment conditions.** The CONTRACTOR may prepay all or any of the loan at any time, without penalty. These payments will be applied first to any accrued interest and then to reduce the principal amount.

d. Paragraph D.1 shall be changed to read as follows:

1. Loan to the CONTRACTOR for the construction of the project an amount not to exceed Six Hundred Fifty-Seven Thousand Dollars (\$657,000). Said amount shall be made available to the CONTRACTOR in accordance with the following terms and conditions:

e. Paragraph J shall be changed to read as follows:

J. **Release after loan is repaid.** Upon completion of repayment to the STATE of the entire principal and any accrued interest as specified in the promissory note provisions of this contract, the STATE agrees to execute a release of deed of trust to convey to the CONTRACTOR all of the STATE'S right, title, and interest in and to the PROJECT and any other property described in the deed of trust.

4. The Parties agree to the addition of the following paragraphs to the ORIGINAL CONTRACT.

a. Paragraph B.10 shall be amended by addition of the following paragraph:

In addition to the Resolution referred to in the previous paragraph, the stockholders or the board of directors shall also provide a resolution authorizing the CONTRACTOR to contract this additional debt in accordance with the provisions of the previous paragraph. Said resolution is attached hereto and referred to hereinafter as **ATTACHMENT D**.

b. Paragraph N shall be changed to read as follows:

N. **Establish security interest in the revenues.** The CONTRACTOR agrees that in order to provide a security interest for the STATE irrevocably pledging such revenues, it will provide a Uniform Commercial Code Security Agreement and Uniform Commercial Code Financing Statement, incorporated herein as **ATTACHMENT E**. No monies shall be advanced prior to CONTRACTOR providing this form. Contractor further agrees that within thirty (30) days prior to the end of the fourth year that this contract is in effect and every five (5) years thereafter, deliver to the STATE fully and properly executed Continuation Statements (Form UCC-3) of the security interests (UCC Security Agreement and Financing Statement) required by this contract.

c. Paragraph B.14 shall be amended by addition of the following paragraph:

Additional security provided for this loan in addition to Worster Reservoir shall be an undivided one hundred percent (100%) interest of the following:

Water rights of the Worster Reservoir, located in the SWSWSE of Section 5, Township 11 North, Range 74 West of the Sixth Principal Meridian, Larimer County, the decreed amount of 1,515 acre feet, adjudication date of April 22, 1922, appropriation date of July 14, 1907, Court Case #2031.

Said water rights shall be secured in favor of the State by a Uniform Commercial Code Security Agreement and Financing Statement, incorporated herein as **ATTACHMENT F** and by a deed of trust. The CONTRACTOR shall provide to the STATE an original executed and recorded deed of trust within thirty (30) days of substantial completion of the PROJECT. CONTRACTOR warrants that this water right is not encumbered by any other deeds of trust to any party other than the STATE or in any other manner.

5. The effective date of this Amendment is the date first written above.

6. Except for the SPECIAL PROVISIONS, in the event of any conflict, inconsistency, variance, or contradiction between the provisions of this Amendment and any of the provisions of the ORIGINAL CONTRACT, the provisions of this Amendment shall in all respects supersede, govern, and control. The SPECIAL PROVISIONS shall always be controlling over other provisions in the contract or amendments. The representations in the SPECIAL PROVISIONS concerning the absence of bribery or corrupt influences and personal interest of STATE employees are presently reaffirmed.

7. Financial obligations of the state payable after the current fiscal year are contingent upon funds for that purpose being appropriated, budgeted, and otherwise made available.

8. This amendment shall not be deemed valid or effective until it shall have been approved by the controller of the State of Colorado or such assistant as he may designate.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment on the day first above written.

CONTRACTOR: Divide Canal & Reservoir Co.

By E.R. Gustafson
E.R. Gustafson, President
Print name & title _____

Federal ID Number: 84-0190122

Attest (Seal)

By Donn Engel
Corporate Secretary or Equivalent, Town/City/County Clerk
Donn Engel, Secretary

State of Colorado
Roy Romer, Governor

By Peter Evans for
For the Executive Director
DEPARTMENT OF NATURAL RESOURCES
COLORADO WATER CONSERVATION BOARD
Daries C. Lile, P.E., Director

APPROVALS

ATTORNEY GENERAL
Gale A. Norton
By C. Richard Pennington
C. Richard Pennington
Assistant Attorney General
State Services Section

CONTROLLER
BY: Christina Trujillo
C:\Contract\Divide.AMD(8/21/95)

PAID IN FULL

DEPARTMENT OF AGENCY NAME Water Conservation Board
DEPARTMENT OR AGENCY NUMBER PDA
ROUTING NUMBER 940214

\$517,000

CONTRACT

THIS CONTRACT, made this 8th day of October 1993~~1992~~, by and between the State of Colorado for the use and benefit of the Department of NATURAL RESOURCES
(COLORADO WATER CONSERVATION BOARD)
hereinafter referred to as the State, and The Divide Canal and Reservoir Company
P.O. Box 206, Eaton, CO 80615
hereinafter referred to as the contractor/Contractor or Borrower.

WHEREAS, 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 in Fund Number 424, Organization YYYY, Appropriation 446, Program WTRC, Object Code 5120, Contract Encumbrance Number, C153641L; and

WHEREAS, required approval, clearance and coordination have been accomplished from and with appropriate agencies; and

WHEREAS, pursuant to the provisions of 37-60-119 and 37-60-120, Colorado Revised Statutes, the State is authorized to loan money for the construction of water projects for the benefit of the people of the State provided that the Contractor assures repayment of that money; and

WHEREAS, the Contractor is a duly constituted Canal and Reservoir Company in the State of Colorado and it wishes to rehabilitate its Worster Dam facility, hereinafter sometimes called the project, for the benefit of its stockholders in Larimer and Weld Counties, Colorado, at an estimated cost of Five Hundred Seventeen Thousand Dollars (\$517,000); and

WHEREAS, on April 12, 1993, the parties entered into a feasibility report contract. A feasibility investigation of said project was conducted and the State has determined that such a project is technically and financially feasible; and

WHEREAS, on October 8, 1993, the State and the Contractor entered into a termination contract, attached hereto as Exhibit A, which terminated the feasibility report contract previously entered into between the parties, attached hereto as Exhibit B; and

WHEREAS, the termination contract provides that the Contractor will repay to the State the principal amount of Eight Thousand Dollars (\$8,000) under the terms and conditions of that termination contract in consideration of the State's partial financing of the feasibility report for the project pursuant to the feasibility report contract; and

WHEREAS, the State now desires by this project contract to loan money for the construction of said project upon mutually agreeable terms and conditions, subject to the availability of funding for that purpose; and

WHEREAS, the State and the Contractor agree that the repayment of the feasibility report funding shall be consolidated with the repayment of the project construction loan; and

WHEREAS, pursuant to the Contractor's By-Laws, the Contractor has authority to contract to borrow money provided that a Resolution be duly passed by the Board of Directors and to levy assessments assuring repayment of the State according to the terms of the contract; and

WHEREAS, pursuant to section 1 of chapter 32, Session Laws of Colorado 1987, as amended by HB 93-1273, the State has been authorized to loan Five Hundred Twenty-Five Thousand Dollars (\$525,000) for construction of the project, including the cost of the feasibility report.

WHEREAS, the Contractor or Borrower understands that this Contract is also a promissory note for the repayment of funds loaned to the Borrower according to the terms set forth herein.

NOW THEREFORE, in consideration of the mutual and dependent covenants herein contained, it is agreed by the parties hereto as follows:

A. The State and the Contractor have previously entered into a termination contract, attached hereto as A, and a feasibility report contract, attached hereto as Exhibit B. Exhibits A and B are incorporated by reference herein.

B. The Contractor agrees that it shall:

1. Employ an engineering firm (hereinafter referred to as the Consultant) to prepare project plans and specifications for the project. Both the Consultant and the project plans and specifications must be approved in writing by the State before construction on the project can commence. For purposes of this paragraph, "construction" includes any real estate and water rights acquisitions.

2. Contract for the construction of said project to a responsible and capable firm or firms (hereinafter referred to as Construction Firm or Firms), which Construction Firms shall be selected by the Contractor through competitive public bidding. The State must approve all contracts before they can become effective.

3. Cause construction of the project to be completed within two (2) years of the date of this contract, in accordance with the project plans and specifications and any necessary modification(s) thereof approved by the State. This time may be extended by the State in writing if such time is insufficient because of acts of God or other acts or

circumstances beyond the control of the Contractor. The Contractor must produce documented justification of any such acts or circumstances.

4. Require all Construction Firms and their subcontractors to indemnify the State and the Contractor 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.

5. Require all Construction Firms and their subcontractors to maintain during the term of their contracts for project construction the following:

a. Workmen's compensation and employers' liability insurance in the required statutory amounts.

b. Automobile liability insurance for all vehicles, and comprehensive general liability insurance, both in at least the following amounts:

(1) For any injury to one person in any single occurrence, the sum of Five Hundred Thousand Dollars (\$500,000).

(2) For any injury to two or more persons in any single occurrence, the sum of One Million Dollars (\$1,000,000).

(3) For any damage to property, the sum of Four Hundred Thousand Dollars (\$400,000) for each occurrence.

Said general liability insurance shall name the Contractor and the State as co-insureds. No payments shall be made to the Contractor under this contract unless copies of current certificates of all such insurance have been obtained by the Contractor and filed with the State. Such filing of current certificates shall be accomplished before the beginning of construction. Notices of renewals of said policies shall also be filed with the State as they occur.

6. Permit periodic inspection of construction by authorized representatives of the State during and after construction.

7. Without expense to the State, manage, operate, and maintain the project continuously in an efficient and economical manner, and assume all legal liability for such management, operation, and maintenance. The Contractor agrees to indemnify and hold the State harmless from any liability incurred by the State as a result of the State's interest in the project facilities and any other property identified in paragraph 14. below. The Contractor shall maintain comprehensive general liability insurance covering the management, operation, and maintenance of the project from the time it accepts the

constructed project as substantially completed until it completes repayment to the State, in at least the following amounts:

- a. For any injury to one person in any single occurrence, the sum of Five Hundred Thousand Dollars (\$500,000).
- b. For any injury to two or more persons in any single occurrence, the sum of One Million Dollars (\$1,000,000).
- c. For any damage to property, the sum of Four Hundred Thousand Dollars (\$400,000) for each occurrence.

Said general liability insurance shall name the State as a co-insured. A copy of a certificate of said liability insurance must be filed with the State prior to the start of the operation of the project system. Such certificate shall be incorporated herein as part of this contract.

8. Make the services of said project available within its capacity to all qualified persons in the Contractor's service area without discrimination as to race, color, religion, or natural origin at reasonable charges (including assessments, taxes, or fees), whether for one or more classes of service, in accordance with a schedule of such charges formally adopted by the Contractor through its By-Laws, as may be modified from time to time. The initial rate schedule must be approved by the State before any such charges are initially assessed. Thereafter, the Contractor may, subject to the approval of the State, make such modifications to the rate schedule as the Contractor deems necessary to efficiently and economically provide for the financial requirements of the system, including repayment of the State, as long as the rate schedule remains reasonable and non-discriminatory.

9. Pursuant to its By-Laws, adjust its operating costs and service charges and levy assessments from time to time as necessary, upon written notice from the State, to provide sufficient funds for adequate operation and maintenance, emergency repair services, obsolescence reserves, and debt reserves, and to assure repayment of the project loan to the State as provided herein. Should the stockholders fail to set any assessment, the Contractor shall establish an adequate assessment for purposes of this contract pursuant to Section 7-42-104(2), CRS (1986).

10. Pursuant to its By-Laws and to its Articles of Incorporation, have its Board of Directors take all necessary actions consistent therewith to adopt an order or a resolution authorizing the Contractor to contract this loan debt, and authorizing the President and the Secretary to pay the indebtedness. Such orders shall be attached hereto as Exhibit C and included herein. The Contractor, by a majority vote of its Board of Directors, shall also authorize the deed of trust security interest required by the State in paragraph B.14. below. Such authorization shall be attached hereto and incorporated herein as Exhibit D. The above conditions must be performed by the Contractor prior to the State performance under this contract.

11. Pursuant to Section 7-42-104, CRS (1986), and to its By-Laws, the Board of Directors shall take all necessary actions consistent therewith to levy assessments to raise sufficient funds to pay this contract loan debt in a timely manner and as required by the terms and conditions herein to assure repayment of the project loan to the State. In the event that the assessment(s) levied by the Contractor, or the revenues resulting therefrom, are or become insufficient to assure repayment of the State as required by the terms and conditions herein, then the Contractor, upon written notice thereof from the State, shall immediately take all necessary action consistent with its By-Laws and Section 7-42-104, CRS (1986), including but not limited to additional assessments, to raise sufficient revenue to assure repayment of the project loan to the State.

12. Provide the State with such periodic reports as the State may require and permit periodic inspections of its operations and accounts by a designated representative of the State.

13. Repay to the State the total sum of Seven Hundred Seventy-Two Thousand Six Hundred Dollars (\$772,600), which includes the project loan amount and the Eight Thousands Dollar (\$8,000) feasibility report amount, together with interest at the rate of four percent (4%) per annum, said repayment to be made in constant annual installments of Thirty-Eight Thousand Six Hundred Thirty Dollars (\$38,630) each, for twenty (20) years, as shown in Exhibit E, attached hereto and incorporated by reference herein, which first installment shall be due and payable on the first day of the month next succeeding the month in which the State determines that the project has been substantially completed, and yearly thereafter until the entire principal sum and interest shall have been paid. Said installment payments shall be made payable to the Colorado Water Conservation Board, payable at the offices of said Board in Denver, Colorado.

14. As security for the loan to be made to it by the State, execute a deed of trust within thirty (30) days of the substantial completion of the project that shall convey to the State an undivided one hundred percent (100%) of the following:

The Worster dam, reservoir, appurtenant structures and all lands on which they lie.

15. Obtain and maintain general liability insurance on the project in an amount not less than the outstanding amount of the loan made by the State to the Contractor until the Contractor has repaid the loan in full under the terms of paragraph B.13. above. The State shall be the sole insured of this policy. The Contractor shall submit certificates of insurance evidencing such insurance policies to the State at the signing of this contract. Notices of renewals of said policies shall also be filed with the State as they occur. The outstanding loan amount payable to the State shall be reduced in the amount of any payments made to the State under this insurance coverage. If only a portion of the outstanding loan amount is paid to the State under this policy, the number of installment payments shall remain unchanged; however, the amount of each payment shall be reduced.

16. Comply with the Construction Fund Program Procedures attached hereto as Exhibit F and incorporated by reference herein.

DEED OF TRUST

THIS INDENTURE, Made this _____ day of _____, 19____, between
The Divide Canal and Reservoir Company

whose address is P.O. Box 206, Eaton, CO 80615

hereinafter referred to as grantor, and the Public Trustee of the _____ County of
Larimer, State of Colorado, hereinafter referred to as Public Trustee.

WITNESSETH, THAT, WHEREAS,

The Divide Canal and Reservoir Company

has executed a promissory note or notes, hereinafter referred to in the singular, dated _____, for the

principal sum of Five Hundred Seventeen Dollars (\$517,000.00) = Dollars, payable to the order of
the State of Colorado for the use and benefit of the Colorado Water Conservation Board
whose address is 1313 Sherman Street, Room 721, Denver, CO 80203

after the date hereof, with interest thereon from the date thereof
at the rate of four (4%) percent per annum, payable in equal annual installments of \$38,630.00 each
for twenty (20) years as set forth in the Contract between the parties.

AND WHEREAS, The grantor is desirous of securing payment of the principal and interest of said promissory note in whose hands soever the said
note or any of them may be.

NOW, THEREFORE, The grantor, in consideration of the premises and for the purpose aforesaid, does hereby grant, bargain, sell and convey
unto the said Public Trustee in trust forever, the following described property, situate in the _____ County of
Larimer, State of Colorado, to wit:

In Section 5, Township 11 North, Range 74 West, Larimer County, Colorado.

The Worster Dam, reservoir, outlet, appurtenant structures and all lands
on which they lie, all located in Larimer County, Colorado.

Worster Dam is located in Larimer County, northwest of Fort Collins, CO.
The Dam facility is located approximately 50 miles northwest of Fort Collins on
Cherokee Park Road (Larimer County Road 80C) in a mountainous area 5 miles south
of the Colorado, Wyoming border. The Dam is situated on Sheep Creek, a tributary
to the north fork of the Cache La Poudre River.

also known by street and number as

TO HAVE AND TO HOLD the same, together with all and singular the privileges and appurtenances thereunto belonging: In Trust nevertheless, that
in case of default in the payment of said note or any of them, or any part thereof, or in the payment of the interest thereon, according to the tenor and effect of
said note or any of them, or in the payment of any prior encumbrances, principal or interest, if any, or in case default shall be made in or in case of violation
or breach of any of the terms, conditions, covenants or agreements herein contained, the beneficiary hereunder or the legal holder of the indebtedness
secured hereby may declare a violation of any of the covenants herein contained and elect to advertise said property for sale and demand such sale, then,
upon filing notice of such election and demand for sale with the Public Trustee, who shall upon receipt of such notice of election and demand for sale cause
a copy of the same to be recorded in the recorder's office of the county in which said real estate is situated, it shall and may be lawful for the Public Trustee
to sell and dispose of the same (en masse or in separate parcels, as the said Public Trustee may think best), and all the right, title and interest of the grantor,

his heirs or assigns therein, at public auction at the

front door of the Court House, in the County of _____

Larimer, State of Colorado, or on said premises, or any part thereof as may be specified in the notice of said sale, for the highest and best price the
same will bring in cash, four weeks' public notice having been previously given of the time and place of such sale, by advertisement, weekly, in some

newspaper of general circulation at that time published in said County of _____ Larimer, a copy of which notice shall be mailed
within ten days from the date of the first publication thereof to the grantor at the address herein given and to such person or persons appearing to have
acquired a subsequent record interest in said real estate at the address given in the recorded instrument; where only the county and state is given as the
address then such notice shall be mailed to the county seat, and to make and give to the purchaser or purchasers of such property at such sale, a certificate
or certificates in writing describing such property purchased, and the sum or sums paid therefor, and the time when the purchaser or purchasers (or other
person entitled thereto) shall be entitled to a deed or deeds therefor, unless the same shall be redeemed as is provided by law; and said Public Trustee shall,
upon demand by the person or persons holding the said certificate or certificates of purchase, when said demand is made, or upon demand by the person
entitled to a deed to and for the property purchased, at the time such demand is made, the time for redemption having expired, make and execute to such
person or persons a deed or deeds to the said property purchased, which said deed or deeds shall be in the ordinary form of a conveyance, and shall be
signed, acknowledged and delivered by the said Public Trustee and shall convey and quitclaim to such person or persons entitled to such deed, the said
property purchased as aforesaid and all the right, title, interest, benefit and equity of redemption of the grantor, his heirs and assigns therein, and shall
recite the sum or sums for which the said property was sold and shall refer to the power of sale therein contained, and to the sale or sales made by virtue
thereof; and in case of an assignment of such certificate or certificates of purchase, or in case of the redemption of such property, by a subsequent
encumbrancer, such assignment or redemption shall also be referred to in such deed or deeds; but the notice of sale need not be set out in such deed or
deeds and the Public Trustee shall, out of the proceeds or avails of such sale, after first paying and retaining all fees, charges and costs of making said sale,
pay to the beneficiary hereunder or the legal holder of said note the principal and interest due on said note according to the tenor and effect thereof, and all
moneys advanced by such beneficiary or legal holder of said note for insurance, taxes and assessments, with interest thereon at 4 per cent per
annum, rendering the overplus, if any, unto the grantor, his legal representatives or assigns; which sale or sales and said deed or deeds so made shall be a
perpetual bar, both in law and equity, against the grantor, his heirs and assigns, and all other persons claiming the said property, or any part thereof, by,
from, through or under the grantor, or any of them. The holder or holders of said note or notes may purchase said property or any part thereof; and it shall
not be obligatory upon the purchaser or purchasers at any such sale to see to the application of the purchase money. If a release deed be required, it is
agreed that the grantor, his heirs or assigns, will pay the expense thereof.

*If in Denver, insert "City and."

EXHIBIT D

COPY

And the grantor, for himself and his heirs, personal representatives or assigns covenants and agrees to and with the Public Trustee, that at the time of the enrolling of and delivery of these presents he is well seized of the said land and tenements in fee simple, and has good right, full power and lawful authority to grant, bargain, sell and convey the same in the manner and form as aforesaid; hereby fully and absolutely waiving and releasing all rights and claims he may have in or to said lands, tenements, and property as a Homestead Exemption, or other exemption, under and by virtue of any act of the General Assembly of the State of Colorado, or as any exemption under and by virtue of any act of the United States Congress, now existing or which may hereafter be passed in relation thereto and that the same are free and clear of all liens and encumbrances whatever, except **none**

and the above bargained property in the quiet and peaceable possession of the Public Trustee, his successors and assigns, against all and every person or persons lawfully claiming or to claim the whole or any part thereof, the grantor shall and will Warrant and Forever Defend.

Until payment in full of the indebtedness, the grantor shall timely pay all taxes and assessments levied on the property; any and all amounts due on account of principal and interest or other sums on any senior encumbrances, if any; and will keep all improvements that may be on said lands insured against any casualty loss, including extended coverage, in a company or companies meeting the net worth requirements of the beneficiary hereof in an amount not less than the then total indebtedness. Each policy shall contain a loss payable clause naming the beneficiary as mortgagee and shall further provide that the insurance may not be canceled upon less than ten days written notice to the beneficiary. At the option of the beneficiary, the original policy or policies of insurance shall be delivered to the beneficiary as further security for the indebtedness. Should the grantor fail to insure and deliver the policies or to pay taxes or assessments as the same fall due, or to pay any amounts payable upon senior encumbrances, if any, the beneficiary may make any such payments or procure any such insurance, and all monies so paid with interest thereon at the rate of 4 % per annum shall be added to and become a part of the indebtedness secured by this Deed of Trust and may be paid out of the proceeds of the sale of the property if not paid by the grantor. In addition, and at its option, the beneficiary may declare the indebtedness secured hereby and this Deed of Trust to be in default for failure to procure insurance or make any of the payments required by this paragraph.

If all or any part of the property or an interest therein is sold or transferred by the grantor without beneficiary's prior written consent, excluding (a) the creation of a lien or encumbrance subordinate to this Deed of Trust, (b) the creation of a purchase money security interest for household appliances, (c) a transfer by devise, descent or by operation of law upon the death of a joint tenant or (d) the grant of any leasehold interest of three years or less not containing an option to purchase, beneficiary may, at beneficiary's option, declare all the sums secured by this Deed of Trust to be immediately due and payable. Beneficiary shall have waived such option to accelerate if, prior to the sale or transfer, beneficiary and the person to whom the property is to be sold or transferred reach agreement in writing that the credit of such person is satisfactory to beneficiary and that the interest payable on the sums secured by this Deed of Trust shall be at such rate as beneficiary shall request.

AND THAT IN CASE OF ANY DEFAULT, Whereby the right of foreclosure occurs hereunder, the Public Trustee or the holder of said note or certificate of purchase, shall at once become entitled to the possession, use and enjoyment of the property aforesaid, and to the rents, issues and profits thereof, from the accruing of such right and during the pendency of foreclosure proceedings and the period of redemption, if any there be; and such possession shall at once be delivered to the Public Trustee or the holder of said note or certificate of purchase on request, and on refusal, the delivery of such possession may be enforced by the Public Trustee or the holder of said note or certificate of purchase by any appropriate civil suit or proceeding, and the Public Trustee, or the holder of said note or certificate of purchase, or any thereof, shall be entitled to a Receiver for said property, and of the rents, issues and profits thereof, after such default, including the time covered by foreclosure proceedings and the period of redemption, if any there be, and shall be entitled thereto as a matter of right without regard to the solvency or insolvency of the grantor or of the then owner of said property and without regard to the value thereof, and such Receiver may be appointed by any court of competent jurisdiction upon ex parte application and without notice — notice being hereby expressly waived — and all rents, issues and profits, income and revenue therefrom shall be applied by such Receiver to the payment of the indebtedness hereby secured, according to the law and the orders and directions of the court.

AND, That in case of default in any of said payments of principal or interest, according to the tenor and effect of said promissory note aforesaid, or any of them, or any part thereof, or of a breach or violation of any of the covenants or agreements herein, by the grantor, his personal representatives or assigns, then and in that case the whole of said principal sum hereby secured, and the interest thereon to the time of the sale, may at once, at the option of the legal holder thereof, become due and payable, and the said property be sold in the manner and with the same effect as if said indebtedness had matured, and that if foreclosure be made by the Public Trustee, an attorney's fee of the sum of _____ in a reasonable amount _____ for services in the supervision of said foreclosure proceedings shall be allowed by the Public Trustee as a part of the cost of foreclosure, and if foreclosure be made through the courts a reasonable attorney's fee shall be taxed by the court as a part of the cost of such foreclosure proceedings.

The singular number shall include the plural, the plural the singular, and the use of any gender shall be applicable to all genders

Executed this _____ day of _____ 19 93

ATTEST: _____
Donn Engel, Corporate Secretary
(SEAL)

THE DIVIDE CANAL AND RESERVOIR COMPANY

by: _____
E. R. Gustafson, President

State of Colorado } ss.
County of _____

The foregoing instrument was acknowledged before me this _____ day of _____, 19 93
by E. R. Gustafson, President, and Donn Engel, Corporate Secretary of The Divide
Canal and Reservoir Company, a Colorado Corporation.
Witness my hand and seal.

My commission expires: _____

Notary Public

No. _____	DEED OF TRUST	FROM	TO	THE PUBLIC TRUSTEE	FOR THE USE OF	STATE OF COLORADO	County of _____	I hereby certify that this instrument was filed for	record in my office at _____ o'clock _____ M.,	_____ 19 _____, and is duly	recorded in book _____ page _____	No. _____	Reception No. _____	Clerk and Recorder	Deputy	Fees, \$ _____	BRADFORD PUBLISHING CO
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Repayment Schedule

The Divide Canal and Reservoir Company

Principal \$525,000.00
 Interest 0.04
 Term 20 YEARS
 Once-a-Year Payment
 Payment \$38,630.00

PERIOD	PRINCIPAL	PAYMENT	INTEREST	PRINCIPAL REPAYMENT
1	\$525,000.00	\$38,630.00	\$20,999.36	\$17,630.64
2	507,369.36	38,630.00	20,294.16	18,335.85
3	489,033.51	38,630.00	19,560.74	19,069.26
4	469,964.25	38,630.00	18,798.00	19,832.00
5	450,132.25	38,630.00	18,004.74	20,625.26
6	429,506.99	38,630.00	17,179.76	21,450.25
7	408,056.74	38,630.00	16,321.77	22,308.23
8	385,748.51	38,630.00	15,429.47	23,200.53
9	362,547.98	38,630.00	14,501.48	24,128.52
10	338,419.46	38,630.00	13,536.37	25,093.64
11	313,325.82	38,630.00	12,532.65	26,097.35
12	287,228.47	38,630.00	11,488.79	27,141.21
13	260,087.26	38,630.00	10,403.17	28,226.83
14	231,860.43	38,630.00	9,274.13	29,355.87
15	202,504.56	38,630.00	8,099.94	30,530.07
16	171,974.49	38,630.00	6,878.77	31,751.23
17	140,223.26	38,630.00	5,608.76	33,021.24
18	107,202.02	38,630.00	4,287.95	34,342.05
19	72,859.97	38,630.00	2,914.31	35,715.69
20	37,144.28	38,630.00	1,485.73	37,144.28

PAID IN FULL

Exhibit E

SCHEDULE A
COLORADO WATER CONSERVATION BOARD
CONSTRUCTION FUND PROGRAM PROCEDURES

1. Board approval of engineering firm and engineering agreement between engineering firm and project sponsor.
2. Preparation of detailed plans and specifications for authorized projects by consulting engineering firm.
3. Approval of detailed plans and specifications by Board staff (plans and specifications for storage dams and reservoirs must also be approved by State Engineer's Office).
4. Board staff approval of bidding for the project. Board staff present at bid opening for construction.
5. Project sponsor may issue the notice of award and the notice to proceed with construction to the contractor (both notices must be approved by the Board staff before they are issued).
6. Conduct a pre-construction conference. Approval of construction schedule by Board staff.
7. Construction commences. The Board staff makes periodic inspections during construction. All change orders must be approved by the Board staff in advance and before any construction on change items can commence. Emergency items cleared by telephone.
8. The consulting engineer certifies that the project has been completed according to approved drawings and specifications and arranges for final inspection.
9. Final inspection and acceptance of as-built project by Board staff.
10. Submittal of as-built drawings to Board staff for approval and filing.

STATE OF COLORADO

COLORADO WATER CONSERVATION BOARD

Department of Natural Resources

721 State Centennial Building
1313 Sherman Street
Denver, Colorado 80203
Phone (303) 866-3441
FAX (303) 866-4474



December 7, 1993

Roy Romer
Governor

Daries C. Lile, P.E.
Director, CWCB

Mr. E.R. Gustafson, President
The Divide Canal and Reservoir Company
P.O. Box 206
Eaton, CO 80615

Dear Mr. Gustafson:

The project contract, including the termination contract for the feasibility report, for the Divide Canal and Reservoir Company has been returned to our office by the Attorney General's Office for a correction to Exhibit G. Please find enclosed the original Exhibit G, Security Agreement. The following correction need to be made by you:

1. An x needs to be placed in the "other" category in paragraph 2 of Exhibit G and the "x" opposite "Use in farming operations" needs to be deleted.

The addition must be initialed by the person signing the documents on behalf of the company. Once the correction has been made, please return the exhibit to me so we can make copies to be added to the contract documents. We will then return them to the Attorney General for forwarding to the State Controller. If you have any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in cursive script that reads "William P. Stanton".

William P. Stanton, P.E., Chief

Project Planning and
Construction Section

PAID IN FULL

WPS/gl

cc: Lynn B. Obernyer

gl0655.ltr

RESOLUTION OF THE BOARD OF DIRECTORS OF THE DIVIDE CANAL AND RESERVOIR COMPANY

The following resolutions were unanimously adopted by the Board of Directors of the Divide Canal and Reservoir Company (Company) at a meeting of the Board of Directors held September 19, 1995, at the office of the Company in Eaton, Colorado.

RESOLVED, that the Board of Directors hereby approves the Contract Amendment to the Loan Contract between the Company and the State of Colorado Water Conservation Board (CWCB) involving the construction and rehabilitation of its Worster Dam facility (Project) to be funded by a loan from the CWCB in the total amended amount of \$665,000 as set forth in said Contract Amendment. The Board hereby authorizes the officers of the Company to execute said Contract Amendment and all other necessary documents in connection with this Project.

RESOLVED, that the Board and officers shall take all necessary actions consistent with the Loan Contract to make and levy assessments as may be necessary to raise sufficient funds to pay the amended loan debt in a timely manner as required by the terms and conditions of the Loan Contract and to assure repayment of the Project loan to the CWCB.

RESOLVED, that the Board of Directors hereby approves the two UCC Security Agreement and Financing Statement forms attached to the Contract Amendment to secure the pledge of assessments of the Company and the water rights as collateral for the loan, and hereby authorizes the officers of the Company to execute both of the said UCC Security Agreement and Financing Statement forms.

RESOLVED, that the Board of Directors hereby authorizes the officers of the Company to execute both deeds of trust within thirty (30) days of substantial completion of the Project pledging as security for the loan pursuant to the Loan Contract an undivided 100% interest in the Worster Dam, reservoir, appurtenant structures and all lands on which they lie, and pledge as security for the loan pursuant to the Contract Amendment an undivided 100% interest in the water rights of Worster Reservoir in the decreed amount of 1,515 acre feet.

RESOLVED, that the officers of the Company are hereby directed to set aside sufficient assessment revenues in a special fund separate and apart from other Company revenues to assure annual repayment of the installment payments pursuant to the Loan Contract and Contract Amendment with CWCB.

RESOLVED, that the officers of the Company are hereby authorized and directed to execute whatever additional documents as may be necessary or required in order to complete the project as contemplated by the terms and conditions of the Contract Amendment.

Dated this 19th day of September, 1995.

DIVIDE CANAL AND RESERVOIR COMPANY

By E. R. Gustafson Chairman and Director

By E. R. Gustafson President

(SEAL)

ATTEST:

Doreen E Engel
Secretary

ATTACHMENT D

DEED OF TRUST

THIS INDENTURE, Made this 19th day of September 19 95, between

The Divide Canal and Reservoir Company

whose address is P.O. Box 206, Eaton, CO 80615

hereinafter referred to as grantor, and the Public Trustee of the
Larimer, State of Colorado, hereinafter referred to as Public Trustee,

WITNESSETH, THAT, WHEREAS,

The Divide Canal and Reservoir Company

has executed a promissory note or notes, hereinafter referred to in the singular, dated _____, for the
principal sum of Five Hundred Seventeen Thousand and no/100 Dollars (\$517,000.00) payable to the order of
the State of Colorado for the use and benefit of the Colorado Water Conservation
Board
whose address is 1313 Sherman Street, Room 721, Denver, CO 80203

after the date hereof, with interest thereon from the date thereof
at the rate of four (4%) percent per annum, payable in equal annual installments of \$38,630.00 each
for twenty (20) years as set forth in the Contract between the parties.

AND WHEREAS, The grantor is desirous of securing payment of the principal and interest of said promissory note in whose hands soever the said
note or any of them may be.

NOW, THEREFORE, The grantor, in consideration of the premises and for the purpose aforesaid, does hereby grant, bargain, sell and convey
unto the said Public Trustee in trust forever, the following described property, situate in the
Larimer, State of Colorado, to wit:

In Section 5, Township 11 North, Range 74 West, Larimer County, Colorado.

PAID IN FULL

The Worster Dam, reservoir, outlet, appurtenant structures and all lands
on which they lie, all located in Larimer County, Colorado.

Worster Dam is located in Larimer County, northwest of Fort Collins, CO.
The Dam facility is located approximately 50 miles northwest of Fort Collins on
Cherokee Park Road (Larimer County Road 80C) in a mountainous area 5 miles south
of the Colorado, Wyoming border. The Dam is situated on Sheep Creek, a tributary
to the north fork of the Cache La Poudre River.

also known by street and number as

TO HAVE AND TO HOLD the same, together with all and singular the privileges and appurtenances thereunto belonging: In Trust nevertheless, that
in case of default in the payment of said note or any of them, or any part thereof, or in the payment of the interest thereon, according to the tenor and effect of
said note or any of them, or in the payment of any prior encumbrances, principal or interest, if any, or in case default shall be made in or in case of violation
or breach of any of the terms, conditions, covenants or agreements herein contained, the beneficiary hereunder or the legal holder of the indebtedness
secured hereby may declare a violation of any of the covenants herein contained and elect to advertise said property for sale and demand such sale, then,
upon filing notice of such election and demand for sale with the Public Trustee, who shall upon receipt of such notice of election and demand for sale cause
a copy of the same to be recorded in the recorder's office of the county in which said real estate is situated, it shall and may be lawful for the Public Trustee
to sell and dispose of the same (en masse or in separate parcels, as the said Public Trustee may think best), and all the right, title and interest of the grantor,

his heirs or assigns therein, at public auction at the front door of the Court House, in the County of

Larimer, State of Colorado, or on said premises, or any part thereof as may be specified in the notice of said sale, for the highest and best price the
same will bring in cash, four weeks public notice having been previously given of the time and place of such sale, by advertisement, weekly, in some

newspaper of general circulation at that time published in said County of Larimer, a copy of which notice shall be mailed
within ten days from the date of the first publication thereof to the grantor at the address herein given and to such person or persons appearing to have
acquired a subsequent record interest in said real estate at the address given in the recorded instrument; where only the county and state is given as the
address then such notice shall be mailed to the county seat, and to make and give to the purchaser or purchasers of such property at such sale, a certificate
or certificates in writing describing such property purchased, and the sum or sums paid therefor, and the time when the purchaser or purchasers (or other
person entitled thereto) shall be entitled to a deed or deeds therefor, unless the same shall be redeemed as is provided by law; and said Public Trustee shall,
upon demand by the person or persons holding the said certificate or certificates of purchase, when said demand is made, or upon demand by the person
entitled to a deed to and for the property purchased, at the time such demand is made, the time for redemption having expired, make and execute to such
person or persons a deed or deeds to the said property purchased, which said deed or deeds shall be in the ordinary form of a conveyance, and shall be
signed, acknowledged and delivered by the said Public Trustee and shall convey and quitclaim to such person or persons entitled to such deed, the said
property purchased as aforesaid and all the right, title, interest, benefit and equity of redemption of the grantor, his heirs and assigns therein, and shall
recite the sum or sums for which the said property was sold and shall refer to the power of sale therein contained, and to the sale or sales made by virtue
thereof; and in case of an assignment of such certificate or certificates of purchase, or in case of the redemption of such property, by a subsequent
encumbrancer, such assignment or redemption shall also be referred to in such deed or deeds; but the notice of sale need not be set out in such deed or
deeds and the Public Trustee shall, out of the proceeds or avails of such sale, after first paying and retaining all fees, charges and costs of making said sale,
pay to the beneficiary hereunder or the legal holder of said note the principal and interest due on said note according to the tenor and effect thereof, and all
moneys advanced by such beneficiary or legal holder of said note for insurance, taxes and assessments, with interest thereon at 4 per cent per
annum, rendering the overplus, if any, unto the grantor, his legal representatives or assigns; which sale or sales and said deed or deeds so made shall be a
perpetual bar, both in law and equity, against the grantor, his heirs and assigns, and all other persons claiming the said property, or any part thereof, by,
from, through or under the grantor, or any of them. The holder or holders of said note or notes may purchase said property or any part thereof; and it shall
not be obligatory upon the purchaser or purchasers at any such sale to see to the application of the purchase money. If a release deed be required, it is
agreed that the grantor, his heirs or assigns, will pay the expense thereof.

*If in Denver, insert "City and."

COPY

And the grantor, for himself and his heirs, personal representatives or assigns covenants and agrees to and with the Public Trustee, that at the time of the enrolling of and delivery of these presents he is well seized of the said land and tenements in fee simple, and has good right, full power and lawful authority to grant, bargain, sell and convey the same in the manner and form as aforesaid; hereby fully and absolutely waiving and releasing all rights and claims he may have in or to said lands, tenements, and property as a Homestead Exemption, or other exemption, under and by virtue of any act of the General Assembly of the State of Colorado, or as any exemption under and by virtue of any act of the United States Congress, now existing or which may hereafter be passed in relation thereto and that the same are free and clear of all liens and encumbrances whatever, except none

and the above bargained property in the quiet and peaceable possession of the Public Trustee, his successors and assigns, against all and every person or persons lawfully claiming or to claim the whole or any part thereof, the grantor shall and will Warrant and Forever Defend.

Until payment in full of the indebtedness, the grantor shall timely pay all taxes and assessments levied on the property; any and all amounts due on account of principal and interest or other sums on any senior encumbrances, if any; and will keep all improvements that may be on said lands insured against any casualty loss, including extended coverage, in a company or companies meeting the net worth requirements of the beneficiary hereof in an amount not less than the then total indebtedness. Each policy shall contain a loss payable clause naming the beneficiary as mortgagee and shall further provide that the insurance may not be canceled upon less than ten days written notice to the beneficiary. At the option of the beneficiary, the original policy or policies of insurance shall be delivered to the beneficiary as further security for the indebtedness. Should the grantor fail to insure and deliver the policies or to pay taxes or assessments as the same fall due, or to pay any amounts payable upon senior encumbrances, if any, the beneficiary may make any such payments or procure any such insurance, and all monies so paid with interest thereon at the rate of 4 % per annum shall be added to and become a part of the indebtedness secured by this Deed of Trust and may be paid out of the proceeds of the sale of the property if not paid by the grantor. In addition, and at its option, the beneficiary may declare the indebtedness secured hereby and this Deed of Trust to be in default for failure to procure insurance or make any of the payments required by this paragraph.

If all or any part of the property or an interest therein is sold or transferred by the grantor without beneficiary's prior written consent, excluding (a) the creation of a lien or encumbrance subordinate to this Deed of Trust, (b) the creation of a purchase money security interest for household appliances, (c) a transfer by devise, descent or by operation of law upon the death of a joint tenant or (d) the grant of any leasehold interest of three years or less not containing an option to purchase, beneficiary may, at beneficiary's option, declare all the sums secured by this Deed of Trust to be immediately due and payable. Beneficiary shall have waived such option to accelerate if, prior to the sale or transfer, beneficiary and the person to whom the property is to be sold or transferred reach agreement in writing that the credit of such person is satisfactory to beneficiary and that the interest payable on the sums secured by this Deed of Trust shall be at such rate as beneficiary shall request.

AND THAT IN CASE OF ANY DEFAULT, Whereby the right of foreclosure occurs hereunder, the Public Trustee or the holder of said note or certificate of purchase, shall at once become entitled to the possession, use and enjoyment of the property aforesaid, and to the rents, issues and profits thereof, from the accruing of such right and during the pendency of foreclosure proceedings and the period of redemption, if any there be; and such possession shall at once be delivered to the Public Trustee or the holder of said note or certificate of purchase on request, and on refusal, the delivery of such possession may be enforced by the Public Trustee or the holder of said note or certificate of purchase by any appropriate civil suit or proceeding, and the Public Trustee, or the holder of said note or certificate of purchase, or any thereof, shall be entitled to a Receiver for said property, and of the rents, issues and profits thereof, after such default, including the time covered by foreclosure proceedings and the period of redemption, if any there be, and shall be entitled thereto as a matter of right without regard to the solvency or insolvency of the grantor or of the then owner of said property and without regard to the value thereof, and such Receiver may be appointed by any court of competent jurisdiction upon ex parte application and without notice — notice being hereby expressly waived — and all rents, issues and profits, income and revenue therefrom shall be applied by such Receiver to the payment of the indebtedness hereby secured, according to the law and the orders and directions of the court.

AND, That in case of default in any of said payments of principal or interest, according to the tenor and effect of said promissory note aforesaid, or any of them, or any part thereof, or of a breach or violation of any of the covenants or agreements herein, by the grantor, his personal representatives or assigns, then and in that case the whole of said principal sum hereby secured, and the interest thereon to the time of the sale, may at once, at the option of the legal holder thereof, become due and payable, and the said property be sold in the manner and with the same effect as if said indebtedness had matured, and that if foreclosure be made by the Public Trustee, an attorney's fee of the sum of in a reasonable amount dollars for services in the supervision of said foreclosure proceedings shall be allowed by the Public Trustee as a part of the cost of foreclosure, and if foreclosure be made through the courts a reasonable attorney's fee shall be taxed by the court as a part of the cost of such foreclosure proceedings.

The singular number shall include the plural, the plural the singular, and the use of any gender shall be applicable to all genders.

Executed this 19th day of September 19 95 .

ATTEST: Donn Engel
Donn Engel, Corporate Secretary

(SEAL)

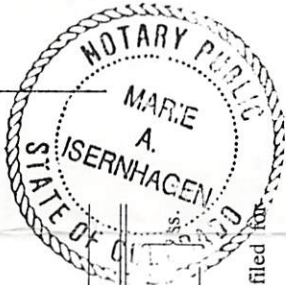
THE DIVIDE CANAL AND RESERVOIR COMPANY

by: E. R. Gustafson
E. R. Gustafson, President

State of Colorado } ss.
County of Weld }

The foregoing instrument was acknowledged before me this 19th day of September, 19 95 ,
by E. R. Gustafson, President, and Donn Engel, Corporate Secretary of The Divide
Canal and Reservoir Company, a Colorado Corporation.
Witness my hand and seal.

My commission expires: 6-6-99



Notary Public

No. _____

DEED OF TRUST

FROM

TO

THE PUBLIC TRUSTEE
FOR THE USE OF

STATE OF COLORADO

County of _____

I hereby certify that this instrument was filed for

record in my office at _____ o'clock _____ M.,

_____, 19_____, and is duly

recorded in book _____ page _____

Film No. _____ Reception No. _____

Clerk and Recorder

Deputy

Fees, \$ _____

BRADFORD PUBLISHING CO.

RECEIVED

MAY 10 1995

Colorado Water
Conservation Board

DIVIDE CANAL & RESERVOIR COMPANY

P. O. BOX 206

106 ELM STREET

EATON, COLORADO 80615

303/454-3377

May 2, 1995

Colorado Water Conservation Board
Attn: William P. Stanton
1313 Sherman Street, Room 721
Denver, CO 80203

RE: Contract #C153641L - Dated October 8, 1993

Dear Bill,

This is to request an extension of the time for completion. The contract referenced above states that the project is to be completed within two years of the date of contract which would be October 8, 1995. We anticipate that the project completion will be done within six months of that date, or by April 8, 1996. The six month extension is to accommodate project delays resulting from the construction bid process. Contract negotiations with construction contractors extended beyond the 1994 construction window. Construction is now scheduled to commence in late summer 1995, after the irrigation season and for completion in late winter or early spring depending on construction site weather conditions.

If you have any additional questions regarding this request for time extension, please contact me or John Andrews of Woodward Clyde.

Sincerely,


Donn Engel, Secretary

ATTACHMENT B

RESOLUTION OF THE BOARD OF DIRECTORS OF THE DIVIDE CANAL AND RESERVOIR COMPANY

The following resolutions were unanimously adopted by the Board of Directors of the Divide Canal and Reservoir Company (Company) at a meeting of the Board of Directors held September 19, 1995, at the office of the Company in Eaton, Colorado.

RESOLVED, that the Board of Directors hereby approves the Contract Amendment to the Loan Contract between the Company and the State of Colorado Water Conservation Board (CWCB) involving the construction and rehabilitation of its Worster Dam facility (Project) to be funded by a loan from the CWCB in the total amended amount of \$665,000 as set forth in said Contract Amendment. The Board hereby authorizes the officers of the Company to execute said Contract Amendment and all other necessary documents in connection with this Project.

RESOLVED, that the Board and officers shall take all necessary actions consistent with the Loan Contract to make and levy assessments as may be necessary to raise sufficient funds to pay the amended loan debt in a timely manner as required by the terms and conditions of the Loan Contract and to assure repayment of the Project loan to the CWCB.

RESOLVED, that the Board of Directors hereby approves the two UCC Security Agreement and Financing Statement forms attached to the Contract Amendment to secure the pledge of assessments of the Company and the water rights as collateral for the loan, and hereby authorizes the officers of the Company to execute both of the said UCC Security Agreement and Financing Statement forms.

RESOLVED, that the Board of Directors hereby authorizes the officers of the Company to execute both deeds of trust within thirty (30) days of substantial completion of the Project pledging as security for the loan pursuant to the Loan Contract an undivided 100% interest in the Worster Dam, reservoir, appurtenant structures and all lands on which they lie, and pledge as security for the loan pursuant to the Contract Amendment an undivided 100% interest in the water rights of Worster Reservoir in the decreed amount of 1,515 acre feet.

RESOLVED, that the officers of the Company are hereby directed to set aside sufficient assessment revenues in a special fund separate and apart from other Company revenues to assure annual repayment of the installment payments pursuant to the Loan Contract and Contract Amendment with CWCB.

RESOLVED, that the officers of the Company are hereby authorized and directed to execute whatever additional documents as may be necessary or required in order to complete the project as contemplated by the terms and conditions of the Contract Amendment.

Dated this 19th day of September, 1995.

DIVIDE CANAL AND RESERVOIR COMPANY

By E.R. Mustafson
Chairman and Director

By E.R. Mustafson
President

(SEAL)

ATTEST:

Donna E. Engel
Secretary

ATTACHMENT D

Repayment Schedule

Borrower DIVIDE CANAL & RESERVOIR CO.

Project: Rehab Worster Dam

Principal: \$665,000

Annual Payment: \$38,457.02

Interest: 4%

Term: 30 years

Period	Loan Balance	Annual Payment	Amount to Interest	Amount to Principal
1	\$665,000.00	\$38,457.02	\$26,600.00	\$11,857.02
2	653,142.98	38,457.02	26,125.72	12,331.30
3	640,811.69	38,457.02	25,632.47	12,824.55
4	627,987.14	38,457.02	25,119.49	13,337.53
5	614,649.61	38,457.02	24,585.98	13,871.03
6	600,778.58	38,457.02	24,031.14	14,425.87
7	586,352.70	38,457.02	23,454.11	15,002.91
8	571,349.80	38,457.02	22,853.99	15,603.02
9	555,746.77	38,457.02	22,229.87	16,227.15
10	539,519.63	38,457.02	21,580.79	16,876.23
11	522,643.40	38,457.02	20,905.74	17,551.28
12	505,092.12	38,457.02	20,203.68	18,253.33
13	486,838.79	38,457.02	19,473.55	18,983.46
14	467,855.32	38,457.02	18,714.21	19,742.80
15	448,112.52	38,457.02	17,924.50	20,532.52
16	427,580.00	38,457.02	17,103.20	21,353.82
17	406,226.19	38,457.02	16,249.05	22,207.97
18	384,018.22	38,457.02	15,360.73	23,096.29
19	360,921.93	38,457.02	14,436.88	24,020.14
20	336,901.79	38,457.02	13,476.07	24,980.94
21	311,920.85	38,457.02	12,476.83	25,980.18
22	285,940.67	38,457.02	11,437.63	27,019.39
23	258,921.28	38,457.02	10,356.85	28,100.16
24	230,821.11	38,457.02	9,232.84	29,224.17
25	201,596.94	38,457.02	8,063.88	30,393.14
26	171,203.80	38,457.02	6,848.15	31,608.86
27	139,594.94	38,457.02	5,583.80	32,873.22
28	106,721.72	38,457.02	4,268.87	34,188.15
29	72,533.57	38,457.02	2,901.34	35,555.67
30	36,977.90	38,457.02	1,479.12	36,977.90
Totals		\$1,153,710.48	\$488,710.48	\$665,000.00

ij	Appropm Date	O #	Admin Number	Priority Number	Court Case	Seq# A	P ID#	Alter	Comment
	03/31/1965		42093.00000		W 1661	2039	A		B02430
	05/31/1968		43250.00000		W 1661	2038	A		B02430
972	08/31/1973		45168.00000		W 7466	2570	P		B8132 ASP B19601,19580,28976,28731 (W-8770/83CW124/81CW129)G3T WTR
	02/29/1980		47541.00000		88CW205	2629	R	2304013	B37085 ASP B28380,34459,37085,44818
	07/01/1867		6391.00000		W 6355	2386	R	8003430	B28181, B38119,B44501 ALT PT TO KINGS VALLEY R NO 1 KINGS VLY AUG
	05/01/1885		12905.00000		81CW144	2381	R	8000830	B27588,B38119 TFR FM GLASMAN D 06/09/1983 FOR EVAP WILL-O-WISP ST
976	09/01/1977		46630.00000		W 8771	2222	R		B19396,23420,37085,38112,36564,39054,49059 W-8564/86CW372/88CW060
983	08/01/1974		48942.45503		84CW269	2955			B32166
	05/25/1970		43974.00000		W 1370	2133	A		B04152
	08/14/1963		41498.00000		W 1370	2130	A		B04152
	01/23/1964		41660.00000		W 1370	2131	A		B04152
	01/23/1964		41660.00000		W 1370	2132	A		B04152
922	04/01/1927		28214.00000		8492	209			1737 ASP 1836
	09/20/1954		38248.00000		W 1720	1833			B12654
	10/20/1955		38643.00000		W 1720	1834			B12654
	02/26/1952		37311.00000		W 2919	5420			B22450 W-2919-66
	06/20/1955		38521.00000		W 2919	5421			B22750 W-2919-66
	05/18/1954		38123.00000		W 2919	5422			B22450 W-2919-66
	02/21/1952		37306.00000		W 2919	5423			B22450 W-2919-66
	06/20/1956		38887.00000		W 1943	2212			B03238
983	12/31/1931		48942.29949		84CW032	2903			B34268
	05/31/1948		35945.00000		W 5533	4473			B09278 IRREGULAR SECTION
	04/23/1965		42116.00000		W 5533	4472			B09278 IRREGULAR SECTION
1930	12/31/1943		34332.00000		3635	480			594
	03/03/1944		34395.00000		W 5533	4471			B09278
	04/10/1955		38450.00000		W 5533	4474			B09278
	04/18/1962		41015.00000		W 5533	4475			B09278
	02/17/1971		44242.00000		W 5364	3258			B08932
	06/25/1957		39257.00000		W 5533	4476			B09279
	06/01/1971		44346.00000		W 5979	2368			B11771
	06/01/1971		44346.00000		W 5979	2367			B11771
	04/01/1949		36250.00000		W 4628	1775			B07149
1987	04/25/1967		50403.42848		88CW081	2699			B38472
	09/01/1948		36038.00000		W 3440	2377			B04082
	07/31/1946		35275.00000		W 156	1659			B00210
	10/01/1888		14154.00000		W 2704	4016		100507	B11375 ALT PT BIJOU CNL
	03/05/1956		38780.00000		W 2704	4015	A		B11375 ASP B30593 BIJOU RECHARGE
1904	11/07/1928		28800.00000			410			541 ASP B36278 CHANGE CASE 85CW325
1904	11/07/1928		28800.00000		85CW325	8570			B48049 ABAN 10/30/1991
1904	07/03/1928		28673.00000			409			541 ASP B39467 CHANGE CASE 85CW325
1904	07/03/1928		28673.00000		85CW325	8569			B48049 ABAN 10/30/1991
1980	01/01/1974		47847.45291		81CW036	2798			B25235
1971	11/22/1972		44886.00000		W 7260	1829			B03693 ASP B32543 MADE ABS 0.038CFS ABAN 0.262CFS 04/25/1986
1971	11/22/1972		44886.00000		W 7260	3623			B32543 MADE ABS 04/25/1986
1971	11/22/1972		44886.00000		W 7260	3624			B32543 ABAN 04/25/1986
1976	01/26/1968		46386.43124		W 8970	5972			E29097 USA PAWNEE NATL GRASSLAND AKA HALTER PASTURE
	11/14/1951		37207.00000		W 4877	2543			B08455
1904	07/14/1907		21013.00000		2031	913			738 G.H. 45 FT.
1904	11/28/1908		21516.00000		2031	914			738 G.H. 60 FT., 1ST ENLARGEMENT
1904	08/03/1910		22129.00000		2031	915			738 G.H. 65 FT., 2ND ENLARGEMENT
1895	06/01/1893		16761.15858		2142	227			631 ASP 1295
1971	12/31/1922		44559.26662		W 5623	2610			B09896 ASP B21038 MADE ABS 02-05-80
1971	12/31/1922		44559.26662		W 5623	2609			B09896
1971	12/31/1922		44559.26662		W 5623	2608			B09896

Divide Canal Res.
193 Feasibility Report.

**Woodward-Clyde
Consultants**

TABLE 5-1

WORSTER RESERVOIR PRIORITIES AND STORAGES

Priority No.	Priority Date	Storage (acre-feet)
98	1907	1515
101	1908	1525
107	1910	710

PAID IN FULL

STATE OF COLORADO

UNIFORM COMMERCIAL CODE - SECURITY AGREEMENT & FINANCING STATEMENT
COLORADO SECRETARY OF STATE
1560 Broadway, Suite 200 - Denver, CO 80202-5169

DEBTOR: DIVIDE CANAL AND RESERVOIR COMPANY
P. O. Box 206
Eaton, Colorado 80615
FEDERAL TAX ID#: 84-0190122

SECURED PARTY: STATE OF COLORADO for the use and benefit of
The Department of Natural Resources, Colorado Water Conservation Board
1313 Sherman Street, Room 721
Denver, CO 80203

COLLATERAL
CLASSIFICATION: ☒ CONTRACT RIGHTS ☒ OTHER

DEBTOR, for consideration, hereby grants to SECURED PARTY a security interest in the following property and any and all additions, accessions and substitutions thereto or therefor, hereinafter called the COLLATERAL: Revenues as described in Pledge of Revenues Provision of Contract #C153641L dated October 8, 1993, then amended by Amendment #1.

To secure payment of the indebtedness evidenced by certain Promissory Note Provisions of Loan Contract described above between the above named parties herewith, payable to the SECURED PARTY, or order, as follows: as described in the Promissory Note Provisions of contract described above.

DEBTOR EXPRESSLY WARRANTS AND COVENANTS:

1. That except for the security interest granted hereby DEBTOR is, or to the extent that this agreement states that the COLLATERAL is to be acquired after the date hereof, will be, 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 anytime claiming the same or any interest therein.

2. The COLLATERAL is used or bought primarily for:

- ☐ Personal, family or household purposes;
☐ Use in farming operations;
☐ Use in business;
☒ Other.

3. That DEBTOR'S address is as stated above, and the COLLATERAL will be kept at the above address.

4. If any of the COLLATERAL is crops, oil, gas or minerals to be extracted or timber to be cut, or goods which are or are to become fixtures, said COLLATERAL concerns the following described real estate situate in the County of Larimer and State of Colorado, to-wit: N/A

5. Promptly to notify SECURED PARTY of any changes in the location of the COLLATERAL.

6. To pay all taxes and assessments of every nature which may be levied or assessed against the COLLATERAL.

7. 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.

8. That the COLLATERAL is in good condition, and that the DEBTOR will, at its own expense, keep the same in good condition and from time to time, forthwith, replace and repair all such parts of the collateral as may be broken, worn out, or damaged without allowing any lien to be created upon the COLLATERAL on account of such replacement or repairs, and that the SECURED PARTY may examine and inspect the COLLATERAL at any time, wherever located.

9. That the DEBTOR will not use the COLLATERAL in violation of any applicable statutes, regulations or ordinances.

10. The DEBTOR will keep the COLLATERAL at all times insured against risks of loss or damage by fire (including so-called extended coverage), theft and such other casualties as the SECURED PARTY may reasonably require, including collision in the case of any motor vehicle, all in such amounts, under such forms of policies, upon such terms, for such periods, and written by such companies or underwriters as the SECURED PARTY may approve, losses in all cases to be payable to the SECURED PARTY and the DEBTOR as their interest may appear. All

ATTACHMENT E

policies of insurance shall provide for at least ten days' prior written notice of cancellation to the SECURED PARTY; and the DEBTOR shall furnish the SECURED PARTY with certificates of such insurance or other evidence satisfactory to the SECURED PARTY as to compliance with the provisions of this paragraph. The SECURED PARTY may act as attorney for the DEBTOR in making, adjusting and settling claims under or canceling such insurance and endorsing the DEBTOR'S name on any drafts drawn by insurers of the COLLATERAL.

UNTIL DEFAULT DEBTOR may have possession of the COLLATERAL and use it in any lawful manner, and upon default SECURED PARTY shall have the immediate right to the possession of the COLLATERAL.

DEBTOR SHALL BE IN DEFAULT under this agreement upon the happening of any of the following events or conditions:

- (a) default in the payment or performance of any obligation, covenant or liability contained or referred to herein or in any note evidencing the same;
- (b) 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;
- (c) loss, theft, damage, destruction, sale or encumbrance to or of any of the COLLATERAL, or the making of any levy seizure or attachment thereof or thereon;
- (d) death, dissolution, termination or 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 any guarantor or surety for DEBTOR.

UPON SUCH DEFAULT and at any time thereafter, or if it deems itself insecure, SECURED PARTY may declare all Obligations secured hereby immediately due and payable and shall have the remedies of a secured party under Article 9 of the Colorado Uniform Commercial Code. SECURED PARTY may require DEBTOR to assemble the collateral and deliver or make it 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.

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 said 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 said SECURED PARTY shall retain its rights of set-off against DEBTOR.

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 heirs, executors or administrators or its successors or assigns. If there be more than one DEBTOR, their liabilities hereunder shall be joint and several.

Dated this 19th day of September, 1995.

DEBTOR: DIVIDE CANAL AND RESERVOIR COMPANY

By: E.R. Gustafson
E.R. Gustafson
Printed name & title President

SECURED PARTY: STATE OF COLORADO for the use and benefit of the Department of Natural Resources, Colorado Water Conservation Board

By: Peter Evans for
Daries C. Lile, Director

(SEAL)

ATTEST Donn Engel
Donn Engel, Secretary

STATE OF COLORADO

UNIFORM COMMERCIAL CODE - SECURITY AGREEMENT & FINANCING STATEMENT
COLORADO SECRETARY OF STATE

1560 Broadway, Suite 200 - Denver, CO 80202-5169

DEBTOR: DIVIDE CANAL AND RESERVOIR COMPANY
P. O. Box 206
Eaton, Colorado 80615
FEDERAL TAX ID#: 84-0190122

FILED COPY

SECURED PARTY: STATE OF COLORADO for the use and benefit of
The Department of Natural Resources, Colorado Water Conservation Board
1313 Sherman Street, Room 721
Denver, CO 80203

COLLATERAL
CLASSIFICATION: ☒ CONTRACT RIGHTS ☒ OTHER

962002984 C \$16.00
SECRETARY OF STATE
01-11-96 11:06

DEBTOR, for consideration, hereby grants to SECURED PARTY a security interest in the following property and any and all additions, accessions and substitutions thereto or therefor, hereinafter called the COLLATERAL: Revenues as described in Pledge of Revenues Provision of Contract #C153641L dated October 8, 1993, then amended by Amendment #1.

To secure payment of the indebtedness evidenced by certain Promissory Note Provisions of Loan Contract described above between the above named parties herewith, payable to the SECURED PARTY, or order, as follows: as described in the Promissory Note Provisions of contract described above.

DEBTOR EXPRESSLY WARRANTS AND COVENANTS:

1. That except for the security interest granted hereby DEBTOR is, or to the extent that this agreement states that the COLLATERAL is to be acquired after the date hereof, will be, 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 anytime claiming the same or any interest therein.
2. The COLLATERAL is used or bought primarily for:
☐ Personal, family or household purposes;
☐ Use in farming operations;
☐ Use in business;
☒ Other.
3. That DEBTOR'S address is as stated above, and the COLLATERAL will be kept at the above address.
4. If any of the COLLATERAL is crops, oil, gas or minerals to be extracted or timber to be cut, or goods which are or are to become fixtures, said COLLATERAL concerns the following described real estate situate in the County of Larimer and State of Colorado, to-wit: N/A
5. Promptly to notify SECURED PARTY of any changes in the location of the COLLATERAL.
6. To pay all taxes and assessments of every nature which may be levied or assessed against the COLLATERAL.
7. 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.
8. That the COLLATERAL is in good condition, and that the DEBTOR will, at its own expense, keep the same in good condition and from time to time, forthwith, replace and repair all such parts of the collateral as may be broken, worn out, or damaged without allowing any lien to be created upon the COLLATERAL on account of such replacement or repairs, and that the SECURED PARTY may examine and inspect the COLLATERAL at any time, wherever located.
9. That the DEBTOR will not use the COLLATERAL in violation of any applicable statutes, regulations or ordinances.
10. The DEBTOR will keep the COLLATERAL at all times insured against risks of loss or damage by fire (including so-called extended coverage), theft and such other casualties as the SECURED PARTY may reasonably require, including collision in the case of any motor vehicle, all in such amounts, under such forms of policies, upon such terms, for such periods, and written by such companies or underwriters as the SECURED PARTY may approve, losses in all cases to be payable to the SECURED PARTY and the DEBTOR as their interest may appear. All

ATTACHMENT E

policies of insurance shall provide for at least ten days' prior written notice of cancellation to the SECURED PARTY; and the DEBTOR shall furnish the SECURED PARTY with certificates of such insurance or other evidence satisfactory to the SECURED PARTY as to compliance with the provisions of this paragraph. The SECURED PARTY may act as attorney for the DEBTOR in making, adjusting and settling claims under or canceling such insurance and endorsing the DEBTOR'S name on any drafts drawn by insurers of the COLLATERAL.

UNTIL DEFAULT DEBTOR may have possession of the COLLATERAL and use it in any lawful manner, and upon default SECURED PARTY shall have the immediate right to the possession of the COLLATERAL.

DEBTOR SHALL BE IN DEFAULT under this agreement upon the happening of any of the following events or conditions:

- (a) default in the payment or performance of any obligation, covenant or liability contained or referred to herein or in any note evidencing the same;
- (b) 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;
- (c) loss, theft, damage, destruction, sale or encumbrance to or of any of the COLLATERAL, or the making of any levy seizure or attachment thereof or thereon;
- (d) death, dissolution, termination or 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 any guarantor or surety for DEBTOR.

UPON SUCH DEFAULT and at any time thereafter, or if it deems itself insecure, SECURED PARTY may declare all Obligations secured hereby immediately due and payable and shall have the remedies of a secured party under Article 9 of the Colorado Uniform Commercial Code. SECURED PARTY may require DEBTOR to assemble the collateral and deliver or make it 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.

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 said 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 said SECURED PARTY shall retain its rights of set-off against DEBTOR.

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 heirs, executors or administrators or its successors or assigns. If there be more than one DEBTOR, their liabilities hereunder shall be joint and several.

Dated this 19th day of September, 1995.

DEBTOR: DIVIDE CANAL AND RESERVOIR COMPANY

By: E.R. Gustafson
E.R. Gustafson

Printed name & title President

SECURED PARTY: STATE OF COLORADO for the use and benefit of the Department of Natural Resources, Colorado Water Conservation Board

By: Daries C. Lile
Daries C. Lile, Director

(SEAL)
ATTEST Donn Engel
Donn Engel, Secretary

STATE OF COLORADO

UNIFORM COMMERCIAL CODE - SECURITY AGREEMENT & FINANCING STATEMENT
COLORADO SECRETARY OF STATE
1560 Broadway, Suite 200 - Denver, CO 80202-5169

DEBTOR: DIVIDE CANAL AND RESERVOIR COMPANY
P. O. Box 206
Eaton, Colorado 80615
FEDERAL TAX ID#: 84-0190122

SECURED PARTY: STATE OF COLORADO for the use and benefit of
The Department of Natural Resources, Colorado Water Conservation Board
1313 Sherman Street, Room 721
Denver, CO 80203

COLLATERAL
CLASSIFICATION: ☒ CONTRACT RIGHTS ☒ OTHER

DEBTOR, for consideration, hereby grants to SECURED PARTY a security interest in the following property and any and all additions, accessions and substitutions thereto or therefor, hereinafter called the COLLATERAL: *Water rights of the Worster Reservoir, located in the SWSWSE of Section 5, Township 11 North, Range 74 West of the Sixth Principal Meridian, Larimer County, the decreed amount of 1,515 acre feet, adjudication date of April 22, 1922, appropriation date of July 14, 1907, Court Case #2031, as described in Contract #C153641L dated October 8, 1993, then amended by Amendment #1.*

To secure payment of the indebtedness evidenced by certain Promissory Note Provisions of Loan Contract described above between the above named parties herewith, payable to the SECURED PARTY, or order, as follows: as described in the Promissory Note Provisions of Loan Contract and Amendment described above.

DEBTOR EXPRESSLY WARRANTS AND COVENANTS:

1. That except for the security interest granted hereby DEBTOR is, or to the extent that this agreement states that the COLLATERAL is to be acquired after the date hereof, will be, 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 anytime claiming the same or any interest therein.
2. The COLLATERAL is used or bought primarily for:
☐ Personal, family or household purposes;
☐ Use in farming operations;
☐ Use in business;
☒ Other.
3. That DEBTOR'S address is as stated above, and the COLLATERAL will be kept at the above address.
4. If any of the COLLATERAL is crops, oil, gas or minerals to be extracted or timber to be cut, or goods which are or are to become fixtures, said COLLATERAL concerns the following described real estate situate in the County of Larimer and State of Colorado, to-wit: N/A
5. Promptly to notify SECURED PARTY of any changes in the location of the COLLATERAL.
6. To pay all taxes and assessments of every nature which may be levied or assessed against the COLLATERAL.
7. 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.
8. That the COLLATERAL is in good condition, and that the DEBTOR will, at its own expense, keep the same in good condition and from time to time, forthwith, replace and repair all such parts of the collateral as may be broken, worn out, or damaged without allowing any lien to be created upon the COLLATERAL on account of such replacement or repairs, and that the SECURED PARTY may examine and inspect the COLLATERAL at any time, wherever located.
9. That the DEBTOR will not use the COLLATERAL in violation of any applicable statutes, regulations or ordinances.
10. The DEBTOR will keep the COLLATERAL at all times insured against risks of loss or damage by fire (including so-called extended coverage), theft and such other casualties as the SECURED PARTY may reasonably require, including collision in the case of any motor vehicle,

ATTACHMENT F

all in such amounts, under such forms of policies, upon such terms, for such periods, and written by such companies or underwriters as the SECURED PARTY may approve, losses in all cases to be payable to the SECURED PARTY and the DEBTOR as their interest may appear. All policies of insurance shall provide for at least ten days' prior written notice of cancellation to the SECURED PARTY; and the DEBTOR shall furnish the SECURED PARTY with certificates of such insurance or other evidence satisfactory to the SECURED PARTY as to compliance with the provisions of this paragraph. The SECURED PARTY may act as attorney for the DEBTOR in making, adjusting and settling claims under or canceling such insurance and endorsing the DEBTOR'S name on any drafts drawn by insurers of the COLLATERAL.

UNTIL DEFAULT DEBTOR may have possession of the COLLATERAL and use it in any lawful manner, and upon default SECURED PARTY shall have the immediate right to the possession of the COLLATERAL.

DEBTOR SHALL BE IN DEFAULT under this agreement upon the happening of any of the following events or conditions:

- (a) default in the payment or performance of any obligation, covenant or liability contained or referred to herein or in any note evidencing the same;
- (b) 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;
- (c) loss, theft, damage, destruction, sale or encumbrance to or of any of the COLLATERAL, or the making of any levy seizure or attachment thereof or thereon;
- (d) death, dissolution, termination or 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 any guarantor or surety for DEBTOR.

UPON SUCH DEFAULT and at any time thereafter, or if it deems itself insecure, SECURED PARTY may declare all Obligations secured hereby immediately due and payable and shall have the remedies of a secured party under Article 9 of the Colorado Uniform Commercial Code. SECURED PARTY may require DEBTOR to assemble the collateral and deliver or make it 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.

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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 heirs, executors or administrators or its successors or assigns. If there be more than one DEBTOR, their liabilities hereunder shall be joint and several.

Dated this 19th day of September, 1995.

DEBTOR: DIVIDE CANAL AND RESERVOIR COMPANY

By: E.R. Gustafson
E.R. Gustafson

Printed name & title President

SECURED PARTY: STATE OF COLORADO for the use and benefit of the Department of Natural Resources, Colorado Water Conservation Board

By: Daries C. Lile
Daries C. Lile, Director

(SEAL)

ATTEST Donn Engel
Donn Engel, Secretary

STATE OF COLORADO

UNIFORM COMMERCIAL CODE - SECURITY AGREEMENT & FINANCING STATEMENT

COLORADO SECRETARY OF STATE

1560 Broadway, Suite 200 - Denver, CO 80202-5169

DEBTOR: DIVIDE CANAL AND RESERVOIR COMPANY
P. O. Box 206
Eaton, Colorado 80615
FEDERAL TAX ID#: 84-019012

FILED COPY

SECURED PARTY: STATE OF COLORADO for the use and benefit of
The Department of Natural Resources, Colorado Water Conservation Board
1313 Sherman Street, Room 721
Denver, CO 80203

962002983 C \$16.00
SECRETARY OF STATE
01-11-96 11:06

COLLATERAL
CLASSIFICATION: ☒ CONTRACT RIGHTS ☒ OTHER

DEBTOR, for consideration, hereby grants to SECURED PARTY a security interest in the following property and any and all additions, accessions and substitutions thereto or therefor, hereinafter called the COLLATERAL: *Water rights of the Worster Reservoir, located in the SWSWSE of Section 5, Township 11 North, Range 74 West of the Sixth Principal Meridian, Larimer County, the decreed amount of 1,515 acre feet, adjudication date of April 22, 1922, appropriation date of July 14, 1907, Court Case #2031, as described in Contract #C153641L dated October 8, 1993, then amended by Amendment #1.*

To secure payment of the indebtedness evidenced by certain Promissory Note Provisions of Loan Contract described above between the above named parties herewith, payable to the SECURED PARTY, or order, as follows: as described in the Promissory Note Provisions of Loan Contract and Amendment described above.

DEBTOR EXPRESSLY WARRANTS AND COVENANTS:

1. That except for the security interest granted hereby DEBTOR is, or to the extent that this agreement states that the COLLATERAL is to be acquired after the date hereof, will be, 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 anytime claiming the same or any interest therein.

2. The COLLATERAL is used or bought primarily for:
☐ Personal, family or household purposes;
☐ Use in farming operations;
☐ Use in business;
☒ Other.

3. That DEBTOR'S address is as stated above, and the COLLATERAL will be kept at the above address.

4. If any of the COLLATERAL is crops, oil, gas or minerals to be extracted or timber to be cut, or goods which are or are to become fixtures, said COLLATERAL concerns the following described real estate situate in the County of Larimer and State of Colorado, to-wit: N/A

5. Promptly to notify SECURED PARTY of any changes in the location of the COLLATERAL.

6. To pay all taxes and assessments of every nature which may be levied or assessed against the COLLATERAL.

7. 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.

8. That the COLLATERAL is in good condition, and that the DEBTOR will, at its own expense, keep the same in good condition and from time to time, forthwith, replace and repair all such parts of the collateral as may be broken, worn out, or damaged without allowing any lien to be created upon the COLLATERAL on account of such replacement or repairs, and that the SECURED PARTY may examine and inspect the COLLATERAL at any time, wherever located.

9. That the DEBTOR will not use the COLLATERAL in violation of any applicable statutes, regulations or ordinances.

10. The DEBTOR will keep the COLLATERAL at all times insured against risks of loss or damage by fire (including so-called extended coverage), theft and such other casualties as the SECURED PARTY may reasonably require, including collision in the case of any motor vehicle,

ATTACHMENT F

all in such amounts, under such forms of policies, upon such terms, for such periods, and written by such companies or underwriters as the SECURED PARTY may approve, losses in all cases to be payable to the SECURED PARTY and the DEBTOR as their interest may appear. All policies of insurance shall provide for at least ten days' prior written notice of cancellation to the SECURED PARTY; and the DEBTOR shall furnish the SECURED PARTY with certificates of such insurance or other evidence satisfactory to the SECURED PARTY as to compliance with the provisions of this paragraph. The SECURED PARTY may act as attorney for the DEBTOR in making, adjusting and settling claims under or canceling such insurance and endorsing the DEBTOR'S name on any drafts drawn by insurers of the COLLATERAL.

UNTIL DEFAULT DEBTOR may have possession of the COLLATERAL and use it in any lawful manner, and upon default SECURED PARTY shall have the immediate right to the possession of the COLLATERAL.

DEBTOR SHALL BE IN DEFAULT under this agreement upon the happening of any of the following events or conditions:

- (a) default in the payment or performance of any obligation, covenant or liability contained or referred to herein or in any note evidencing the same;
- (b) 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;
- (c) loss, theft, damage, destruction, sale or encumbrance to or of any of the COLLATERAL, or the making of any levy seizure or attachment thereof or thereon;
- (d) death, dissolution, termination or 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 any guarantor or surety for DEBTOR.

UPON SUCH DEFAULT and at any time thereafter, or if it deems itself insecure, SECURED PARTY may declare all Obligations secured hereby immediately due and payable and shall have the remedies of a secured party under Article 9 of the Colorado Uniform Commercial Code. SECURED PARTY may require DEBTOR to assemble the collateral and deliver or make it 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.

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 said 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 said SECURED PARTY shall retain its rights of set-off against DEBTOR.

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 heirs, executors or administrators or its successors or assigns. If there be more than one DEBTOR, their liabilities hereunder shall be joint and several.

Dated this 19th day of September, 1995.

DEBTOR: DIVIDE CANAL AND RESERVOIR COMPANY

By: E.R. Gustafson
E.R. Gustafson

Printed name & title President

SECURED PARTY: STATE OF COLORADO for the use and benefit of the Department of Natural Resources, Colorado Water Conservation Board

By: Daries C. Lile for
Daries C. Lile, Director

(SEAL)

ATTEST Donn Engel
Donn Engel, Secretary

STATE OF COLORADO

UNIFORM COMMERCIAL CODE — SECURITY AGREEMENT

Debtor:

Name: The Divide Canal and Reservoir Company

Address:

Residence: _____
No. _____ Street _____ City _____ State _____

Business: P.O. Box 206 Eaton CO 80615
No. _____ Street _____ City _____ State _____

Secured Party: State of Colorado
Name: for the use and benefit of the Colorado Water Conservation Board

Address: 1313 Sherman Street Room 721 Denver CO 80203
No. _____ Street _____ City _____ State _____

Debtor, for consideration, hereby grants to Secured Party a security interest in the following property and any and all additions, accessions and substitutions thereto or therefor (hereinafter called the "COLLATERAL"):

All revenues derived from assessments on shares to repay indebtedness on its Worster dam, reservoir and all appurtenances as approved by the shareholders or the Board of Directors pursuant to CRS §7-42-104.

To secure payment of the indebtedness evidenced by a certain promissory note _____ of even date herewith, payable to the Secured Party, or order, as follows:

As set forth in the Contract between debtor and secured party for the reconstruction/rehabilitation of the debtor's Worster Dam facility as set forth in said Contract, whereby secured party has loaned debtor the principal sum of \$517,000.00 according to the terms set forth in said Contract, including the terms of repayment as set forth in Section 13 of said Contract.

DEBTOR EXPRESSLY WARRANTS AND COVENANTS:

1. That except for the security interest granted hereby Debtor is, or to the extent that this agreement states that the Collateral is to be acquired after the date hereof, will be, 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 anytime claiming the same or any interest therein.

2. The Collateral is used or bought primarily for:

- ☐ Personal, family or household purposes;
☐ Use in farming operations;
☐ Use in business.
☒ Other

3. That Debtor's residence is as stated above, and the Collateral will be kept at

P.O. Box 206 Eaton Weld CO 80615
No. and Street _____ City _____ County _____ State _____

4. If any of the Collateral is crops, oil, gas, or minerals to be extracted or timber to be cut, or goods which are or are to become fixtures, said Collateral concerns the following described real estate situate in the _____ County of _____ and State of Colorado, to wit:

N/A

5. Promptly to notify Secured Party of any change in the location of the Collateral.
6. To pay all taxes and assessments of every nature which may be levied or assessed against the Collateral.
7. Not to 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.
8. That the Collateral is in good condition, and that he will, at his own expense, keep the same in good condition and from time to time, forthwith, replace and repair all such parts of the Collateral as may be broken, worn out, or damaged without allowing any lien to be created upon the Collateral on account of such replacement or repairs, and that the Secured Party may examine and inspect the Collateral at any time, wherever located.
9. That he will not use the Collateral in violation of any applicable statutes, regulations or ordinances.
10. The Debtor will keep the Collateral at all times insured against risks of loss or damage by fire (including so-called extended coverage), theft and such other casualties as the Secured Party may reasonably require, including collision in the case of any motor vehicle, all in such amounts, under such forms of policies, upon such terms, for such periods, and written by such companies or underwriters as the Secured Party may approve, losses in all cases to be payable to the Secured Party and the Debtor as their interest may appear. All policies of insurance shall provide for at least ten days' prior written notice of cancellation to the Secured Party; and the Debtor shall furnish the Secured Party with certificates of such insurance or other evidence satisfactory to the Secured Party as to compliance with the provisions of this paragraph. The Secured Party may act as attorney for the Debtor in making, adjusting and settling claims under or cancelling such insurance and endorsing the Debtor's name on any drafts drawn by insurers of the Collateral.

UNTIL DEFAULT Debtor may have possession of the Collateral and use it in any lawful manner, and upon default Secured Party shall have the immediate right to the possession of the Collateral.

DEBTOR SHALL BE IN DEFAULT under this agreement upon the happening of any of the following events or conditions:

- (a) default in the payment or performance of any obligation, covenant or liability contained or referred to herein or in any note evidencing the same;
- (b) 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;
- (c) loss, theft, damage, destruction, sale or encumbrance to or of any of the Collateral, or the making of any levy seizure or attachment thereof or thereon;
- (d) death, dissolution, termination or 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 laws of, by or against Debtor or any guarantor or surety for Debtor.

UPON SUCH DEFAULT and at any time thereafter, or if it deems itself insecure, Secured Party may declare all Obligations secured hereby immediately due and payable and shall have the remedies of a secured party under Article 9 of the Colorado Uniform Commercial Code. Secured Party may require Debtor to assemble the Collateral and deliver or make it 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.

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 said 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 said Secured Party may resort to any security it may have in the order it may deem proper, and notwithstanding any collateral security, Secured Party shall retain its rights of set-off against Debtor.

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 his heirs, executors or administrators or his or its successors or assigns. If there be more than one Debtor, their liabilities hereunder shall be joint and several.

Date this 10th day of August, 19 93.

Debtor:

Secured Party:*

The Divide Canal and Reservoir Company

Colorado Water Conservation Board

by: E.R. Gustafson
E.R. Gustafson, President

Peter W. Evans

*If this Security Agreement is intended to serve as a financing statement secured party as well as the debtor must sign.

FEE \$10.00

INSTRUCTIONS ON REVERSE SIDE

S.S. No./FED Tax I.D. x 84-01901221ST DEBTOR
(PERSONAL)Last Name x First & Middle Name x1ST DEBTOR (BUSINESS) Name x The Divide Canal and Reservoir CompanyStreet x P.O. Box 206 City x Eaton State x CO Zip x 80615**THIS DOCUMENT MUST
BE TYPED IN BLACK**SECRETARY OF STATE • 1560 Broadway, Ste. 200, Denver, CO 80202
(303) 894-2200 EXT 7☐ Additional debtor(s) on attachmentS.S. No./FED Tax I.D. x2ND DEBTOR
(PERSONAL)Last Name x First & Middle Name x2ND DEBTOR (BUSINESS) Name xStreet x City x State x Zip x1ST SECURED
PARTY☐ Additional secured party on attachmentName x State of Colorado for the use and benefit of the Colorado Water Conservation BoardStreet x 1313 Sherman St., Rm 721 City x Denver State x CO Zip x 80203ASSIGNED
PARTYName xStreet x City x State x Zip x

CHECK IF APPLICABLE

☐ This statement is to be filed for record in the real estate records☐ The debtor is a transmitting utility

PLEASE CHECK APPROPRIATE BOX.

THIS STATEMENT IS SIGNED BY THE SECURED PARTY INSTEAD OF THE DEBTOR TO PERFECT A SECURITY INTEREST IN COLLATERAL

☐ Already subject to a security interest in another jurisdiction when it was brought into this state, or when the debtor's location was changed to this state;☐ As to which the filing has lapsed; or☐ Which is proceeds of the original collateral described below in which a security interest was perfected☐ Acquired after a change of name, identity or corporate structure of the debtor

COLLATERAL USED use additional sheets 8 1/2 x 11 if more space is needed.

☐ Accounts, Accounts Receivable☐ Fixtures☐ Proceeds☐ Equipment, Machinery☐ Livestock, Farm Animals, Etc.☐ Contract Rights☐ Inventory☐ Products☐ Truck, Car, Vehicle☒ Other

All revenues derived from assessments on shares to repay indebtedness on its Worster dam, reservoir and all appurtenances as approved by the shareholders or the Board of Directors pursuant to CRS §7-42-104.

The Divide Canal and Reservoir Company

Colorado Water Conservation Board

by: E.R. Gustafson
E.R. Gustafson, President

DEBTOR(S) SIGNATURES

Peter H. Evans

SECURED PARTY SIGNATURES

EXHIBIT H

REPRODUCTION OF THIS FORM BY AUTHORIZED VENDERS ONLY

UCC Financing Statement Amendment

Initial Financing Statement

File #: 20062095845

File Date: 10/02/2006 04:01:19 PM

Filing office: Secretary of State

This amendment is a termination.

Optional Information

Optional filer reference data/miscellaneous information:

loan paid in full 7/23/25. termination of UCC

UCC Financing Statement Amendment

Colorado Secretary of State

Date and Time: 08/09/2021 03:16:16 PM

Master ID: 20062095845

Validation Number: 20212076908

Amount: \$8.00

Divide Canal & Res C1530411

Initial Financing Statement

File #: 20062095845

File Date: 10/02/2006 04:01:19 PM

Filing office: Secretary of State

This amendment is a continuation.

Authorizing Party (Secured Party): (Organization)

Name: STATE OF COLORADO - COLORADO WATER CONSERVATION BOARD

Address1:

Address2:

City:

State: CO

ZIP/Postal Code:

Province:

Country: United States

UCC Financing Statement Amendment

Colorado Secretary of State

Date and Time: 08/09/2021 03:16:16 PM

Master ID: 20062095845

Validation Number: 20212076908

Amount: \$8.00

*Divide
Canal & Res*

Initial Financing Statement

File #: 20062095845

File Date: 10/02/2006 04:01:19 PM

Filing office: Secretary of State

This amendment is a continuation.

Authorizing Party (Secured Party): (Organization)

Name: STATE OF COLORADO - COLORADO WATER CONSERVATION BOARD

Address1:

Address2:

City:

State: CO

ZIP/Postal Code:

Province:

Country: United States

UCC Financing Statement Amendment

Colorado Secretary of State

Date and Time: 08/04/2016 03:38:32 PM

Master ID: 20062095845

Validation Number: 20162071021

Amount: \$8.00

Initial Financing Statement

File #: 20062095845

File Date: 10/02/2006 04:01:19 PM Filing office: Secretary of State

This amendment is a continuation.

Collateral

This amendment restates collateral

Description:

SECURED PARTY'S REVENUES PLEDGED TO REPAY LOAN OF \$665,000 IN ACCORDANCE WITH LOAN CONTRACT NO. C153641L AND PROMISSORY NOTE, DATED OCTOBER 8, 1993.

Authorizing Party (Debtor): (Organization)

Name: DIVIDE CANAL AND RESERVOIR COMPANY

Address1: 106 ELM ST

Address2:

City: EATON

State: CO

ZIP/Postal Code: 80615

Province:

Country: United States

Authorizing Party (Secured Party): (Organization)

Name: STATE OF COLORADO - COLORADO WATER CONSERVATION BOARD

Address1:

Address2:

City:

State:

ZIP/Postal Code:

Province:

Country:

UCC FINANCING STATEMENT AMENDMENT

Filing Fee: \$18

Follow Instructions Carefully

A. NAME & PHONE OF CONTACT (optional)
B. SEND ACKNOWLEDGMENT TO: (Name and Address)
<div>[Colorado Water Conservation Board Finance Section 1580 Logan Street, Suite 600 Denver, CO 80203]</div>

20112033997
\$18.00
SECRETARY OF STATE
08/30/2011 13:18:45

ABOVE SPACE FOR FILING OFFICE USE ONLY

1. Initial Financing Statement Information (Required)				
1a. Original Filing Number: 20062095845 C		1b. Original Filing Date: 10-02-06		1c. If filed prior to January 1, 2000, indicate Original Filing Office:
2. <input type="checkbox"/> Termination: Effectiveness of the Financing Statement identified above is terminated with respect to security interest(s) of the Secured Party authorizing this Termination Statement.				
3. <input checked="" type="checkbox"/> Continuation: Effectiveness of the Financing Statement identified above with respect to security interest(s) of the Secured Party authorizing this Continuation Statement is continued for the additional period provided by applicable law.				
4. <input type="checkbox"/> Assignment: Give name of assignee in item 7a or 7b and address of assignee in item 7c; also give name of assignor in item 9.				
5. Amendment (Party Information): This Amendment affects <input type="checkbox"/> Debtor or <input type="checkbox"/> Secured Party of record. Check only <u>one</u> of these two boxes. Also check one of the following three boxes and provide appropriate information in items 6 and/or 7. <input type="checkbox"/> CHANGE name and/or address: Give current record name in item 6a or 6b; also give new name (if name change) in item 7a or 7b and/or new address (if address change) in item 7c. <input type="checkbox"/> DELETE name: Give record name to be deleted in 6a or 6b. <input type="checkbox"/> ADD name: Complete item 7a or 7b, and also item 7c; also complete items 7e-7g (if applicable)				
6. CURRENT RECORD INFORMATION:				
OR	6a. ORGANIZATION'S NAME DIVIDE CANAL AND RESERVOIR COMPANY			
	6b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX
7. CHANGED (NEW) OR ADDED INFORMATION:				
OR	7a. ORGANIZATION'S NAME			
	7b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX
7c. MAILING ADDRESS P.O. BOX 206		CITY EATON	STATE CO	POSTAL CODE 80615 COUNTRY USA
ADD'L INFO RE ORGANIZATION DEBTOR		7e. TYPE OF ORGANIZATION DNC	7f. JURISDICTION OF ORGANIZATION CO	7g. ORGANIZATION ID#, if any CO19871038175 <input type="checkbox"/> NONE
8. AMENDMENT (COLLATERAL CHANGE): check only <u>one</u> box. Describe collateral <input type="checkbox"/> deleted or <input type="checkbox"/> added, or give entire <input checked="" type="checkbox"/> restated collateral description, or describe collateral <input type="checkbox"/> assigned				
SECURED PARTY'S REVENUES PLEDGED TO REPAY LOAN OF \$665,000.00 IN ACCORDANCE WITH LOAN CONTRACT NO. C153641L, AS AMENDED, AND PROMISSORY NOTE, DATED OCTOBER 8, 1993.				
9. NAME OF SECURED PARTY OF RECORD AUTHORIZING THIS AMENDMENT (name of assignor, if this is an Assignment). If this is an Amendment authorized by a Debtor which adds collateral or adds the authorizing Debtor, or if this is a Termination authorized by a Debtor, check here <input type="checkbox"/> and enter name of DEBTOR authorizing this Amendment				
OR	9a. ORGANIZATION'S NAME State of Colorado - Colorado Water Conservation Board			
	9b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX
10. OPTIONAL FILER REFERENCE DATA Loan Contract No. C153641L				

COLORADO UCC FINANCING STATEMENT

Filing Fee: \$15

Follow Instructions (front and back) Carefully

A. NAME & PHONE OF CONTACT (optional)	
B. SEND ACKNOWLEDGMENT TO: (Name and Address)	20062095845 C \$ 18.00 SECRETARY OF STATE 10-02-2006 16:01:19
[COLORADO WATER CONSERVATION BOARD ATTN: WATER SUPPLY PLANNING & FINANCE 1580 LOGAN STREET, SUITE 750 DENVER, COLORADO 80203]	
ABOVE SPACE FOR FILING OFFICE USE ONLY	

1. DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (1a or 1b) - do not abbreviate or combine names

OR	1a. ORGANIZATION'S NAME DIVIDE CANAL AND RESERVOIR COMPANY				
	1b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX	
1c. MAILING ADDRESS 106 ELM ST		CITY EATON	STATE CO	POSTAL CODE 80615	COUNTRY USA
	ADD'L INFO RE ORGANIZATION DEBTOR	1e. TYPE OF ORGANIZATION DNC	1f. JURISDICTION OF ORGANIZATION CO		1g. ORGANIZATIONAL ID#, if any CO19871038175 <input type="checkbox"/> NONE

2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (2a or 2b) - do not abbreviate or combine names

OR	2a. ORGANIZATION'S NAME				
	2b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX	
2c. MAILING ADDRESS		CITY	STATE	POSTAL CODE	COUNTRY
	ADD'L INFO RE ORGANIZATION DEBTOR	2e. TYPE OF ORGANIZATION	2f. JURISDICTION OF ORGANIZATION		2g. ORGANIZATIONAL ID #, if any <input type="checkbox"/> NONE

3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P) - insert only one secured party name (3a or 3b)

OR	3a. ORGANIZATION'S NAME COLORADO WATER CONSERVATION BOARD				
	3b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX	
3c. MAILING ADDRESS 1580 LOGAN STREET, SUITE 750		CITY DENVER	STATE CO	POSTAL CODE 80203	COUNTRY USA

4. This FINANCING STATEMENT covers the following collateral:

SECURED PARTY'S REVENUES PLEDGED TO REPAY LOAN OF \$665,000.00 IN ACCORDANCE WITH LOAN CONTRACT NO. C153641L AND PROMISSORY NOTE DATED OCTOBER 8, 1998.

5. ALTERNATIVE DESIGNATION (if applicable): <input type="checkbox"/> LESSEE/LESSOR <input type="checkbox"/> CONSIGNEE/CONSIGNOR <input type="checkbox"/> BAILEE/BAILOR <input type="checkbox"/> SELLER/BUYER <input type="checkbox"/> AG LIEN <input type="checkbox"/> NON-UCC FILING	
6. <input type="checkbox"/> This FINANCING STATEMENT is to be filed (for record) in the REAL ESTATE RECORDS	7. Check to REQUEST SEARCH REPORT(S) on Debtor(s) (Optional) <input type="checkbox"/> All Debtors <input type="checkbox"/> Debtor 1 <input type="checkbox"/> Debtor 2
8. OPTIONAL FILER REFERENCE DATA LOAN CONTRACT NO. C153641L	

FILED COPY

COLORADO UCC-2 CONTINUATION

Approved by Central Indexing System Board

Total Fee \$6 (\$5 Filing + \$1 Surcharge)

Use only this form for continuations between 7/1/96 & 12/31/97

ORIGINAL UCC FILING NUMBER

Original Filing Number: 962002983 C

Date & Time of Filing: 1/11/96 11:06

Filing Officer of Original Document:

County Page Number:

19972116490 M

\$ 6.00

SECRETARY OF STATE

12-18-97 15:25:51

For Filing Officer Use Only

**DEBTOR NAME ON
ORIGINAL DOCUMENT**

(Put additional debtor(s) on
attachment)

check one: ☒ Business ☐ Personal

03 WELD

SSN/FED Tax ID:

84-0190122

NAME:

DIVIDE CANAL AND RESERVOIR COMPANY

STREET:

P.O. BOX 206

CITY, STATE, ZIP:

EATON, COLORADO 80615

**SECURED PARTY OF
RECORD**

(Put additional secured
parties on attachment)

NAME:

STATE OF COLORADO

STREET:

COLORADO WATER CONSERVATION BOARD

CITY, STATE, ZIP:

1313 SHERMAN STREET, ROOM 721

DENVER, COLORADO 80203

EFS Filing? ☐ Yes ☐ No
(If non EFS filing, fill in collateral codes only
(If EFS filing, enter County Code and effecti
(If EFS filing and all years covered, leave d

RETURN COPY TO:

NAME:

STATE OF COLORADO

ATTN:

COLORADO WATER CONSERVATION BOARD

STREET

1313 SHERMAN STREET, ROOM 721

CITY, STATE, ZIP:

DENVER, COLORADO 80203

Collateral Code	County Code	From Date
030		

COMPLETE DESCRIPTION OF COLLATERAL

Fold Here

CONTRACT ENCUMBRANCE NUMBER

C-153641L

Dated 10/8/93

pi
7/19/98

C-1536414

STATE OF COLORADO

UNIFORM COMMERCIAL CODE - SECURITY AGREEMENT & FINANCING STATEMENT
COLORADO SECRETARY OF STATE
1560 Broadway, Suite 200 - Denver, CO 80202-5169

DEBTOR: DIVIDE CANAL AND RESERVOIR COMPANY
P. O. Box 206
Eaton, Colorado 80615
FEDERAL TAX ID#: 84-0190122

FILED COPY

SECURED PARTY: STATE OF COLORADO for the use and benefit of
The Department of Natural Resources, Colorado Water Conservation Board
1313 Sherman Street, Room 721
Denver, CO 80203

962002983 C \$16.00
SECRETARY OF STATE
01-11-96 11:06

COLLATERAL
CLASSIFICATION: ☒ CONTRACT RIGHTS ☒ OTHER

DEBTOR, for consideration, hereby grants to SECURED PARTY a security interest in the following property and any and all additions, accessions and substitutions thereto or therefor, hereinafter called the COLLATERAL: *Water rights of the Worster Reservoir, located in the SWSWSE of Section 5, Township 11 North, Range 74 West of the Sixth Principal Meridian, Larimer County, the decreed amount of 1,515 acre feet, adjudication date of April 22, 1922, appropriation date of July 14, 1907, Court Case #2031, as described in Contract #C153641L dated October 8, 1993, then amended by Amendment #1.*

To secure payment of the indebtedness evidenced by certain Promissory Note Provisions of Loan Contract described above between the above named parties herewith, payable to the SECURED PARTY, or order, as follows: as described in the Promissory Note Provisions of Loan Contract and Amendment described above.

DEBTOR EXPRESSLY WARRANTS AND COVENANTS:

1. That except for the security interest granted hereby DEBTOR is, or to the extent that this agreement states that the COLLATERAL is to be acquired after the date hereof, will be, 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 anytime claiming the same or any interest therein.
2. The COLLATERAL is used or bought primarily for:
☐ Personal, family or household purposes;
☐ Use in farming operations;
☐ Use in business;
☒ Other.
3. That DEBTOR'S address is as stated above, and the COLLATERAL will be kept at the above address.
4. If any of the COLLATERAL is crops, oil, gas or minerals to be extracted or timber to be cut, or goods which are or are to become fixtures, said COLLATERAL concerns the following described real estate situate in the County of Larimer and State of Colorado, to-wit: N/A
5. Promptly to notify SECURED PARTY of any changes in the location of the COLLATERAL.
6. To pay all taxes and assessments of every nature which may be levied or assessed against the COLLATERAL.
7. 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.
8. That the COLLATERAL is in good condition, and that the DEBTOR will, at its own expense, keep the same in good condition and from time to time, forthwith, replace and repair all such parts of the collateral as may be broken, worn out, or damaged without allowing any lien to be created upon the COLLATERAL on account of such replacement or repairs, and that the SECURED PARTY may examine and inspect the COLLATERAL at any time, wherever located.
9. That the DEBTOR will not use the COLLATERAL in violation of any applicable statutes, regulations or ordinances.
10. The DEBTOR will keep the COLLATERAL at all times insured against risks of loss or damage by fire (including so-called extended coverage), theft and such other casualties as the SECURED PARTY may reasonably require, including collision in the case of any motor vehicle,

ATTACHMENT F

all in such amounts, under such forms of policies, upon such terms, for such periods, and written by such companies or underwriters as the SECURED PARTY may approve, losses in all cases to be payable to the SECURED PARTY and the DEBTOR as their interest may appear. All policies of insurance shall provide for at least ten days' prior written notice of cancellation to the SECURED PARTY; and the DEBTOR shall furnish the SECURED PARTY with certificates of such insurance or other evidence satisfactory to the SECURED PARTY as to compliance with the provisions of this paragraph. The SECURED PARTY may act as attorney for the DEBTOR in making, adjusting and settling claims under or canceling such insurance and endorsing the DEBTOR'S name on any drafts drawn by insurers of the COLLATERAL.

UNTIL DEFAULT DEBTOR may have possession of the COLLATERAL and use it in any lawful manner, and upon default SECURED PARTY shall have the immediate right to the possession of the COLLATERAL.

DEBTOR SHALL BE IN DEFAULT under this agreement upon the happening of any of the following events or conditions:

- (a) default in the payment or performance of any obligation, covenant or liability contained or referred to herein or in any note evidencing the same;
- (b) 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;
- (c) loss, theft, damage, destruction, sale or encumbrance to or of any of the COLLATERAL, or the making of any levy seizure or attachment thereof or thereon;
- (d) death, dissolution, termination or 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 any guarantor or surety for DEBTOR.

UPON SUCH DEFAULT and at any time thereafter, or if it deems itself insecure, SECURED PARTY may declare all Obligations secured hereby immediately due and payable and shall have the remedies of a secured party under Article 9 of the Colorado Uniform Commercial Code. SECURED PARTY may require DEBTOR to assemble the collateral and deliver or make it 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.

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 said 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 said SECURED PARTY shall retain its rights of set-off against DEBTOR.

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 heirs, executors or administrators or its successors or assigns. If there be more than one DEBTOR, their liabilities hereunder shall be joint and several.

Dated this 19th day of September, 1995.

DEBTOR: DIVIDE CANAL AND RESERVOIR COMPANY

By: E.R. Gustafson
E.R. Gustafson

Printed name & title President

SECURED PARTY: STATE OF COLORADO for the use and benefit of the Department of Natural Resources, Colorado Water Conservation Board

By: Peter Evans for
Daries C. Lile, Director

(SEAL)

ATTEST Donn Engel
Donn Engel, Secretary

Q-1536412

STATE OF COLORADO

UNIFORM COMMERCIAL CODE - SECURITY AGREEMENT & FINANCING STATEMENT
COLORADO SECRETARY OF STATE

1560 Broadway, Suite 200 - Denver, CO 80202-5169

DEBTOR: DIVIDE CANAL AND RESERVOIR COMPANY
P. O. Box 206
Eaton, Colorado 80615
FEDERAL TAX ID#: 84-0190122

FILED COPY

SECURED PARTY: STATE OF COLORADO for the use and benefit of
The Department of Natural Resources, Colorado Water Conservation Board
1313 Sherman Street, Room 721
Denver, CO 80203

COLLATERAL
CLASSIFICATION: ☒ CONTRACT RIGHTS ☒ OTHER

762002984 C \$16.00
SECRETARY OF STATE
01-11-96 11:06

DEBTOR, for consideration, hereby grants to SECURED PARTY a security interest in the following property and any and all additions, accessions and substitutions thereto or therefor, hereinafter called the COLLATERAL: Revenues as described in Pledge of Revenues Provision of Contract #C153641L dated October 8, 1993, then amended by Amendment #1.

To secure payment of the indebtedness evidenced by certain Promissory Note Provisions of Loan Contract described above between the above named parties herewith, payable to the SECURED PARTY, or order, as follows: as described in the Promissory Note Provisions of contract described above.

DEBTOR EXPRESSLY WARRANTS AND COVENANTS:

1. That except for the security interest granted hereby DEBTOR is, or to the extent that this agreement states that the COLLATERAL is to be acquired after the date hereof, will be, 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 anytime claiming the same or any interest therein.

2. The COLLATERAL is used or bought primarily for:
☐ Personal, family or household purposes;
☐ Use in farming operations;
☐ Use in business;
☒ Other.

3. That DEBTOR'S address is as stated above, and the COLLATERAL will be kept at the above address.

4. If any of the COLLATERAL is crops, oil, gas or minerals to be extracted or timber to be cut, or goods which are or are to become fixtures, said COLLATERAL concerns the following described real estate situate in the County of Larimer and State of Colorado, to-wit: N/A

5. Promptly to notify SECURED PARTY of any changes in the location of the COLLATERAL.

6. To pay all taxes and assessments of every nature which may be levied or assessed against the COLLATERAL.

7. 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.

8. That the COLLATERAL is in good condition, and that the DEBTOR will, at its own expense, keep the same in good condition and from time to time, forthwith, replace and repair all such parts of the collateral as may be broken, worn out, or damaged without allowing any lien to be created upon the COLLATERAL on account of such replacement or repairs, and that the SECURED PARTY may examine and inspect the COLLATERAL at any time, wherever located.

9. That the DEBTOR will not use the COLLATERAL in violation of any applicable statutes, regulations or ordinances.

10. The DEBTOR will keep the COLLATERAL at all times insured against risks of loss or damage by fire (including so-called extended coverage), theft and such other casualties as the SECURED PARTY may reasonably require, including collision in the case of any motor vehicle, all in such amounts, under such forms of policies, upon such terms, for such periods, and written by such companies or underwriters as the SECURED PARTY may approve, losses in all cases to be payable to the SECURED PARTY and the DEBTOR as their interest may appear. All

ATTACHMENT E

policies of insurance shall provide for at least ten days' prior written notice of cancellation to the SECURED PARTY; and the DEBTOR shall furnish the SECURED PARTY with certificates of such insurance or other evidence satisfactory to the SECURED PARTY as to compliance with the provisions of this paragraph. The SECURED PARTY may act as attorney for the DEBTOR in making, adjusting and settling claims under or canceling such insurance and endorsing the DEBTOR'S name on any drafts drawn by insurers of the COLLATERAL.

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- (b) 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;
- (c) loss, theft, damage, destruction, sale or encumbrance to or of any of the COLLATERAL, or the making of any levy seizure or attachment thereof or thereon;
- (d) death, dissolution, termination or 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 any guarantor or surety for DEBTOR.

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Dated this 19th day of September, 1995.

DEBTOR: DIVIDE CANAL AND RESERVOIR COMPANY

By: E.R. Gustafson
E.R. Gustafson
Printed name & title President

SECURED PARTY: STATE OF COLORADO for the use and benefit of the Department of Natural Resources, Colorado Water Conservation Board
By: Peter Evans for
Daries C. Lile, Director

(SEAL)
ATTEST Donn Engel
Donn Engel, Secretary

