

PROMISSORY NOTE

\$2,500,000.00

_____, 2016

FOR VALUE RECEIVED, TOWN OF CASTLE ROCK, a home rule municipality and political subdivision of the State of Colorado (“Maker”), promises to pay to the order of FIRSTBANK, a Colorado banking corporation (“Payee”), at 10403 West Colfax Ave, Lakewood, Colorado 80215 or such other address as Payee may from time to time designate, Two Million Five Hundred Thousand and No/100 Dollars (\$2,500,000.00), or so much thereof as may be advanced pursuant to this Note (the “Loan”), in lawful money of the United States of America, with interest thereon from the date of this Promissory Note (“Note”) to and including the date this Note is paid in full, at the fixed rate of four and fifty-eight one-hundredths percent (4.58%) per annum. Interest shall be collected based upon a 360-day year multiplied by the actual number of days for which interest has accrued. Maker shall also pay a one-time Twenty-Five Thousand and No/100ths Dollars (\$25,000.00) administrative fee.

Maker shall use the proceeds of the Loan to fund approved Downtown Development Authority (“DDA”) projects, including the improvements at Festival Park.

Payments of accrued but unpaid interest amortized over two hundred forty (240) months shall be due and payable on March 15, June 15, September 15 and December 15 of each year and payments of \$125,000 of principal shall be due and payable on December 15 of each year. The unpaid principal balance plus all accrued and unpaid interest shall be due and payable in full without notice or demand on _____, 2026 (“Maturity Date”).

This Note is a special and limited obligation of the Maker and payments of accrued and unpaid interest, principal, and fees hereunder are payable solely from and secured by a senior pledge (but not necessarily an exclusive pledge) of the Pledged Revenue (as defined in the Sales and Property Tax Pledge Agreement securing this Note) and the Special Fund Account (as defined in the Account Pledge Agreement). This Note does not constitute a general debt, indebtedness, or obligation of the Maker or the State of Colorado within the meaning of any constitutional, home rule charter or statutory limitation and the full faith and credit of the Maker is not pledged for the payment of the principal of or interest on this Note.

This Note has been authorized and issued pursuant to the Maker’s power and authority as a home rule municipality under Colorado law, the Maker’s home rule charter and an ordinance of the Town Council of the Maker adopted on [_____]. This Note has also been authorized and issued pursuant to Title 31, Article 25, Part 8, Colorado Revised Statutes and pursuant to Title 11, Article 57, Part 2, Colorado Revised Statutes (the “Supplemental Act”). Pursuant to Section 11-57-210 of the Supplemental Act, such recital shall be conclusive evidence of the validity and regularity of the issuance of this Note after its delivery for value. This Note is also being issued pursuant to the authority conferred at the special election held on November 4, 2008 (the “2008 Election”).

The Maker further agrees to pay on demand any expenditures made by the Payee in accordance with the Security Documents (as hereafter defined), of even date herewith, including reasonable attorneys' fees incurred in connection with any matter pertaining hereto and/or the security pledged for this indebtedness. At the option of Payee, all such expenditures which are not paid by the Maker as and when due, may be paid by the Payee and may be added to the unpaid balance of this Note and become a part of and on a parity with the principal indebtedness secured by the Security Documents and other instruments executed in connection herewith and shall accrue interest at the lesser of the amount allowed pursuant to the 2008 Election and ten percent per annum (10%) (the "Default Rate").

If Payee refers this Note to an attorney for collection or seeks legal advice following an Event of Default beyond all cure periods alleged under this Note, or the Payee is the prevailing party in any action instituted on this Note, or if any other judicial or nonjudicial action, suit or proceeding is instituted by Payee or any future holder of this Note, and an attorney is employed by Payee to appear in any such action or proceeding, or to reclaim, seek relief from a judicial or statutory stay, sequester, protect, preserve or enforce Payee's interest in this Note, the Security Documents or any other security for this Note (including, but not limited to, proceedings under federal bankruptcy law, in eminent domain, under probate proceedings or in connection with any state or federal tax lien), then Maker promises to pay reasonable attorneys' fees and reasonable costs and expenses incurred by Payee and/or its attorney in connection with the above-mentioned events. If not paid within ten (10) days after such fees become due and written demand for payment is made, such amount may be added to the then outstanding principal due under the Note.

Should any payment or installment hereunder be not paid when the same becomes due and payable, Maker recognizes that the Payee will incur extra expenses for both the administrative cost of handling delinquent payments and the cost of funds incurred by Payee after such due date as a result of not having received such payment when due. Therefore, Maker shall, in such event, without further notice, and without prejudice to the right of Payee to collect any other amounts provided to be paid herein, including default interest or to declare a default hereunder, pay to Payee to cover such expenses incurred as a result of any installment payment (but not the payment due on the Maturity Date) due being not received within ten (10) days of its due date, a "late charge" of five (5%) percent of the amount of such delinquent payment, but not less than One Hundred and no/100ths Dollars (\$100.00).

The term "Loan Documents," as used herein, shall mean this Note and any and all documents, instruments and agreements executed by Maker evidencing, securing or relating to the indebtedness evidenced by this Note, together with all amendments thereto, including, without limitation, the following: (i) the Note; (ii) a Sales and Property Tax Pledge Agreement of even date herewith between Maker to Payee; and (iii) Account Pledge Agreement (items (ii) and (iii) are referred to as the "Security Documents"; and (iv) such other security documents securing this Note as are reasonably required by Payee. All of the terms, conditions, agreements, covenants and obligations of the Loan Documents are expressly incorporated herein by this reference.

Upon the happening of any of the following events and after sending any required notice and passage of any time period granted Maker within which to cure, if any, and at the option of the

Payee, all amounts then unpaid under this Note, including interest, shall bear interest for the period beginning with the date of the happening of such event at the Default Rate as defined in above, and in addition the Payee may, at its option, without prior notice and demand, except as otherwise provided herein, declare immediately due and payable the entire unpaid principal sum hereunder, together with all interest thereon, plus any other sums payable at the time of such declaration pursuant to this Note, the Security Documents, the Loan Documents and any other instrument securing this Note. An “Event of Default” means:

1. The failure of the Maker to make any payment required hereunder when due;
2. The failure of Maker to perform or observe any non-monetary term, covenant, condition or obligation contained in this Note, the Security Documents or any other Loan Documents within thirty (30) days after written notice from Payee or the passage of any time period within which to cure, if any, provided, however, that if such non-monetary default cannot be cured within thirty (30) days, Maker shall have a reasonable period of time within which to cure such default, but in no event longer than sixty (60) days, provided Maker promptly commences curative action and prosecutes such curative action diligently to completion;
3. If any material representation or warranty contained herein or in the Loan Documents or any representation to the Payee concerning the financial condition or credit standing of the Maker proves to be materially and adversely false or misleading at the time made;
4. The suffering or permitting another person or entity or governmental agency to acquire possession of any interest in, or any lien upon, any of the collateral encumbered by the Security Documents, not removed within sixty (60) days, unless such lien is released or bonded around by the Maker, or the Maker otherwise provides Payee with reasonable assurances deemed by Payee as adequate to protect Payee’s interest;
5. The filing of any petition by the Maker, or any Guarantor, under any provision of the Federal Bankruptcy Code or any state law relating to insolvency, or the filing of any such petition against the Maker, or Guarantor (“Bankruptcy Filing”), unless such Bankruptcy Filing is dismissed within sixty (60) days from the date of such appointment, or an adjudication that the Maker, or any Guarantor, is insolvent or bankrupt; provided, however, an Event of Default shall not occur if a substitute Guarantor reasonably acceptable to Payee delivers a guaranty within thirty (30) days of such Bankruptcy Filing;
6. The execution by the Maker of any assignment for the benefit of creditors;
7. The liquidation, termination or dissolution of the Maker or any Guarantor; provided, however, an Event of Default shall not occur if a substitute Guarantor who is acceptable to Payee in its reasonable discretion delivers a guaranty within thirty (30) days of such liquidation, termination or dissolution of a Guarantor; or
8. The occurrence of an Event of Default and the expiration of any cure or grace periods under any of the other Loan Documents.

Any Event of Default under this Note which is not cured within any applicable cure period shall constitute an Event of Default under each of the other Loan Documents, and any Event of Default under any of the Loan Documents shall constitute an Event of Default hereunder and under each of the other Loan Documents. Unless otherwise provided herein, Maker shall have a period of thirty (30) days after receipt of written notice to cure any non-monetary default.

Upon the occurrence of and during the continuance of any Event of Default under this Note and the expiration of any notice and cure periods, the holder of this Note shall have the right to foreclose any security interests securing the payment hereof or collect amounts due hereunder. Failure to exercise any right granted herein upon any Event of Default shall not constitute a waiver of the right to exercise such right in the event of any subsequent or other default. If this Note is placed in the hands of an attorney for collection or if collected through court or by any other legal or judicial proceedings, Maker agrees and shall be obligated to pay, in addition to the sums referred to above, all reasonable sums for collection costs and attorneys' fees. If an Event of Default occurs and is continuing, Maker hereby: (i) agrees to offsets of any sums or property owed to it by the Payee hereof at any time; (ii) waives all offsets and all applicable exemption, valuation and appraisal rights; and (iii) expressly agrees that the acceptance by the Payee of this Note of any performance which does not strictly comply with the terms of this Note or of other Loan Documents shall not be deemed to be a waiver of any rights of the Payee.

Except as otherwise provided herein, the Maker waives presentment and demand for payment, notice of acceleration or of maturity, protest and notice of protest and nonpayment, bringing of suit and diligence in taking any action to collect sums owing hereunder and agrees that its liability on this Note shall not be affected by any release or change in any security for the payment of this Note or release of anyone liable hereunder. No extension of time for the payment of this Note, or any installment hereof or other modification of the terms hereof made by the Payee with any person now or hereafter liable for the payment of this Note, shall affect the original liability under this Note of the Maker, unless the Maker is a party to such agreement.

Notwithstanding any provision herein or in any of the Loan Documents to the contrary, the Maker's obligations under this Note and under the Loan Documents shall not exceed the amounts authorized at the 2008 Election, including all other obligations that are issued pursuant to the authority conferred at the 2008 Election.

In no event whatsoever shall the amount paid, or agreed to be paid, to the holder of this Note for the use, forbearance or retention of the money to be loaned hereunder ("Interest") exceed the maximum amount (a) authorized at the 2008 Election and (b) permissible under applicable law, including a maximum net effective interest rate of seven percent (7%). If the performance or fulfillment of any provision hereof or of any of the Loan Documents or any agreement between Maker and the Payee of this Note shall result in Interest exceeding the limit for interest prescribed by law, then the amount of such Interest shall be reduced to such limit. If, from any circumstance whatsoever, the Payee of this Note should receive as Interest, an amount which would exceed the highest lawful rate, the amount which would be excessive Interest shall be applied to the reduction of

the principal balance owing hereunder (or, at the option of the Payee, be paid over to Maker) and not to the payment of Interest.

If any provision hereof or any of the Loan Documents shall, for any reason and to any extent, be invalid or unenforceable, then the remainder of the document or instrument in which such provision is contained and any of the other Loan Documents shall not be affected thereby but instead shall be enforceable to the maximum extent permitted by law.

The term "Maker" as used herein shall include the original Maker of this Note and any party who may subsequently become liable for the payment hereof, as an assumer with the consent of the Payee, provided that the holder of this Note may, at its option, consider the original Maker of this Note alone as Maker unless Payee has consented in writing to the substitution of another party as maker. The term "Payee" as used herein shall mean the Payee or, if this Note is transferred, the then holder of this Note.

All notices or other written communications hereunder shall be delivered in accordance with the terms of the Sales and Property Tax Pledge Agreement.

This Note and the Loan Documents shall be construed and enforced in accordance with the laws of the State of Colorado.

WAIVER OF JURY TRIAL. MAKER AND PAYEE EACH WAIVE ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE, WHETHER IN CONTRACT, TORT, OR OTHERWISE, BETWEEN MAKER AND PAYEE ARISING OUT OF, CONNECTED WITH, RELATED TO OR INCIDENTAL TO THE RELATIONSHIP ESTABLISHED BETWEEN THEM IN CONNECTION WITH THIS NOTE, ANY OTHER LOAN DOCUMENT OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION WITH ANY LOAN DOCUMENT OR THE TRANSACTIONS RELATED TO ANY LOAN DOCUMENT. MAKER AND PAYEE EACH HEREBY AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY AND THAT ANY PARTY MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS AGREEMENT WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE PARTIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

[Signatures on Following Page]

IN WITNESS WHEREOF, the undersigned has caused this Promissory Note to be executed as of the date and year above first written.

MAKER:

TOWN OF CASTLE ROCK,
a home rule municipality and political subdivision of
the State of Colorado

By: _____
Paul Donahue, Mayor

ATTEST:

Sally Misare, Town Clerk

(Seal)