

PROMISSORY NOTE

U.S. \$1,000,000.00

June 9, 2006 (the "Note Date")

- 1) Amount. FOR VALUE RECEIVED, the undersigned City of Colorado Springs, Colorado, a home rule city and Colorado municipal corporation (the "Borrower") promises to pay the State Board of the Great Outdoors Colorado Trust Fund (the "Note Holder" or "GOCO") the principal sum of One Million and No/100 Dollars (\$1,000,000.00) payable at 1600 Broadway, Suite 1650, Denver, Colorado 80202, or such other place as the Note Holder may designate in writing.
- 2) Payment Schedule. The parties acknowledge that in acquiring the Red Rock Canyon Property in El Paso County, Colorado (the "Property"), the Borrower has utilized the Loan as well as \$ 21,000 of its own funds (the "Borrower's Funds"), that additional loan funds in the amount of \$15,070,000.00 were provided by the issuance of certificates of participation ("COPs"), and that the COPs evidence rights to receive payments under the annually renewable Lease Purchase Agreement (the "Lease Purchase Agreement") dated November 1, 2003 as amended, between the Borrower and the City of Colorado Springs Public Facilities Authority (the "Authority").
- 3) Repayment. This Note evidences the obligation of the Borrower to perform its obligations pursuant to the Loan Agreement dated August 1, 2005 and accompanying this Note (the "Loan Agreement"). This Note is due annually and renewable annually pursuant to the terms of the Loan Agreement and does not require payments of principal or interest to GOCO unless an Event of Default has occurred as defined in Paragraph (6) below. Upon the due date of this Note, this Note will be considered paid in full without the transfer of any principal or interest to GOCO provided that: 1) the COPs have been redeemed, 2) all other terms of the Loan Agreement have been satisfied and 3) there is no Event of Default. In the Event of Default, the entire principal amount outstanding will, at the option of the Note Holder, be subject to Acceleration as defined below.
- 4) Accounting. At the times required herein, or at an any other time requested by Note Holder, Borrower shall give a full and accurate accounting to Note Holder of all amounts received as a result of issuance of the COPs, all amounts obtained through fundraising efforts, all payments received as Federal Appropriations, and the status of any future Federal Appropriations, any amounts paid or owing to the Bank or any other financial institutions, and any other matters related to the funding, payments and repayments described herein.
- 5) Acceleration. The entire principal amount outstanding shall at once become due and payable at the option of the Note Holder ("Acceleration"), and the Loan shall bear interest at the rate of six percentage points higher than the Prime Rate listed by the Federal Reserve Bank of Kansas City, per annum from the date of default, if there is an Event of Default hereunder. In addition to the foregoing, in the Event of Default, the

Note Holder is entitled to collect all reasonable costs and expenses of collection and/or suit, including, but not limited to reasonable attorneys' fees.

- 6) Event of Default. The occurrence of any one or more of the following events or the existence of one or more of the following conditions with respect to the Borrower and the continuance thereof uncured for any period provided in the Loan Agreement dated August 1, 2006 and accompanying this Note (the "Loan Agreement") shall constitute an Event of Default under this Note: (a) application for or appointment of a receiver of Borrower of the Property; (b) issuance of an attachment against any of Borrower's property and failure to obtain a release of the attachment within ninety (90) days; (c) entry of a judgment prior to the expiration of any applicable stay of execution; (d) failure to pay any tax or tax deficiency before delinquent unless contested in good faith; (e) any material representation made or furnished to the Note Holder by or on behalf of the Borrower in connection with the Loan (as defined in the Loan Agreement) is untrue in any material respect; (f) failure to make any payment required to be made pursuant to the terms of the Note or the Loan Agreement within ten (10) days after written notice of such default from the Note Holder to the Borrower; (g) failure to correct any other non-monetary default under the Note or the Loan Agreement not specified in this paragraph within thirty (30) days after written notice from the Note Holder of such default to the Borrower; (h) sale, transfer or the leasing of the Property for development or subdivision; or (i) Borrower's default as defined in Section 11.01 of the Lease Purchase Agreement between Borrower and the Authority; (j) in the event redemption of the COPs does not occur on or before December 31, 2018; or (k) any provision of this Note or the Loan Agreement shall at any time or any reason be declared null and void, or the validity or enforceability thereof shall be contested by the Borrower.
- 7) Loan Agreement. The terms of the Loan Agreement between Borrower and Note Holder have been memorialized contemporaneous herewith. This Note, the Loan Agreement, and any further instruments evidencing or securing the Loan (regardless of the date of execution) are hereafter referred to as the "Loan Documents." To the extent that any of the Loan Documents or any provision thereof are illegal, invalid or otherwise unenforceable, then that will not affect the validity of this Note or the enforceability of the debt created hereby.
- 8) Waiver. Borrower hereby waives presentment, notice of dishonor and protest, and agrees to any extensions of time of payment and partial payments before, at, or after maturity. No failure of Borrower to exercise or delay in exercising any right hereunder shall constitute a waiver of such right, nor shall any single or partial exercise by the Note Holder of any right hereunder preclude the exercise of any other right. The remedies provided herein are cumulative and not exclusive of any remedies provided by law.
- 9) Notice. Any notice to Borrower provided for in this Note shall be in writing and shall be given and be effective upon (a) delivery to Borrower, or (b) mailing such notice by certified U.S. mail, return receipt requested, addressed to Borrower at 1401 Recreation Way, Colorado Springs, CO 80905, or to such other address as Borrower may designate

by notice to the Note Holder. Any notice to the Note Holder shall be in writing and shall be given and be effective upon (a) hand delivery to Note Holder, or (b) by mailing such notice by certified U.S. mail, return receipt requested, to the Note Holder at the address stated in the first paragraph of this Note, or to such other address as Note Holder may designate by notice to Borrower.

- 10) Borrower's Obligations. Borrower's obligations to make payments hereunder are contingent upon adequate funds for that purpose being budgeted, appropriated, and otherwise made available. Borrower and the Note Holder understand and intend that Borrower's obligations constitute a current expense of Borrower payable exclusively from its appropriated funds and shall not be construed to be a general obligation indebtedness or a multiple fiscal year direct or indirect debt or other financial obligation within the meaning of Sections 1 through 6 of Article XI of the Colorado Constitution, Section 20, Article X of the Colorado Constitution, or any other constitutional or statutory limitation or requirement applicable to the Borrower concerning the creation of indebtedness or obligation. Borrower does not hereby pledge the full faith and credit of the Borrower or an agency or department thereof for the payment of this Note and this Note shall not directly or contingently obligate Borrower or any agency or department thereof to apply money from, or to levy or pledge any form of taxation to account for the payments due hereunder.
- 11) Colorado Law. This Note is made in and shall be governed by and interpreted in accordance with the laws of the State of Colorado.
- 12) General Provisions. This Note may not be amended, modified or changed, nor shall any waiver of any provision hereof be effective, except only by an instrument in writing and signed by the party against whom enforcement of any such waiver, amendment, change or modification or discharge is sought.
- 13) Successors and Assigns. Use of the words "Borrower" and "Note Holder" herein shall include their respective successors and assigns. However, any assignment must be consistent with the terms of the Loan Agreement.

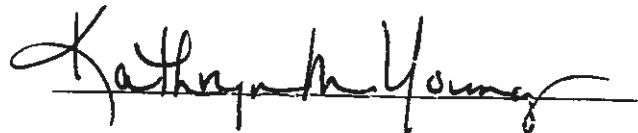
BORROWER:

ATTEST:

By:



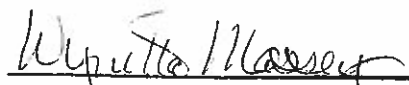
Lionel Rivera, Mayor



Kathryn M. Young, City Clerk

Note Due: June 9, 2007 (1 Year after Note Date)

APPROVED AS TO FORM


DEPUTY CITY ATTORNEY/MUNICIPAL
CITY OF COLORADO SPRINGS