

**STATE OF WYOMING
WYOMING STATE LOAN AND INVESTMENT BOARD
CHEYENNE, WYOMING**

CCL 19003 CL

CAPITAL CONSTRUCTION LOAN PROGRAM

SECURITY AGREEMENT AND FINANCING STATEMENT

The Wyoming State Loan and Investment Board, at 122 West 25th Street, Herschler Building, 1 West, Cheyenne, Wyoming 82002 (Secured Party), and the City of Gillette (Debtor), agree as follows:

The undersigned debtor for and in consideration of \$20,000,000.00 as evidenced by a promissory note dated _____ hereby grants, conveys, bargains, sells, assigns and transfers to the undersigned Secured Party, a security interest in and to the following described collateral, and this financing statement covers the following types or items of property:

Revenues received as Sewer Fees and/or Sewer Reserve Fund Fees

Proceeds of the collateral are also covered by and subject to this security agreement. The Secured Party may, at its option, require additional security as is reasonably necessary, or declare the note secured hereby and all other obligations, direct or contingent, of any Debtor, maker, endorser or guarantor hereof to Secured Party immediately due and payable, and may take possession of or collect any security as herein provided.

The security agreement is conditioned upon performance by the debtor of the following terms and conditions:

1. Debtor may retain possession of the collateral until default under this agreement.
2. Debtor warrants title to the collateral.
3. In the event of default in payment of all or any installment of principal or interest due on the note secured hereby, or in the performance of any of the covenants, agreements or warranties included herein or included in any note secured hereby, or if the Debtor becomes insolvent during the term hereof, then the Secured Party shall have all the rights and remedies of a Secured Party under the Uniform Commercial Code of Wyoming and this Security Agreement.
4. Upon default, if the disposition of the collateral fails to satisfy the obligation secured by this Agreement, along with the reasonable expenses of enforcing this agreement and the promissory note secured hereby, including reasonable attorney's fees and legal expenses incurred by the Secured Party in connection with enforcement of this agreement or the obligation secured, the Debtor shall be liable for any deficiency.
5. Upon occurrence, with respect to any Debtor, maker, endorser or guarantor hereof, of any of the following:
 - (a) Calling of a meeting of creditors;
 - (b) Application for or appointment of a receiver of any of them or their property;
 - (c) Filing of a voluntary or involuntary petition under any of the provisions of the Bankruptcy Act or amendments thereto;
 - (d) Failure to pay, collect or remit any tax or tax deficiency, whether Federal, State or local, when due;
 - (e) Dissolution;
 - (f) Suspension or liquidation of usual business;
 - (g) Failure after demand, to furnish financial information or to permit inspection of books or records;

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(h) Default in payment or performance of this note; and,

(i) The financial condition or affairs of any of them shall change so as in the reasonable opinion of the Secured Party shall significantly increase its credit risk.

6. No failure by the Secured Party or any legal holder hereof to enforce any right set forth herein nor the granting of any extension of time nor taking of additional security, nor partial release of security or the making of future advances, shall act to constitute a waiver of the right to enforce any and all remedies provided herein nor shall it act to discharge or release the collateral.

7. This agreement shall bind the respective executors, administrators, distributees, successors, and assigns of the Debtor and the Secured Party.

8. Sovereign Immunity. The State of Wyoming, the Wyoming Office of State Lands and Investments, and the Wyoming State Loan and Investment Board do not waive sovereign immunity by entering into this Agreement, and specifically retain immunity and all defenses available to them as a sovereign pursuant to Wyoming Statute § 1-39-104(a) and all other state law.

9. Signatures. In witness thereof, the parties to this Security Agreement and Financing Statement, either personally or through their duly authorized representatives, have executed this Security Agreement and Financing Statement on the days and dates set out below, and certify that they have read, understood and agreed to the terms and conditions of this Security Agreement and Financing Statement.

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The effective date of this Security Agreement and Financing Statement is the date of the signature last affixed to this page.

DEBTOR:

Louise Carter-King, MayorDate

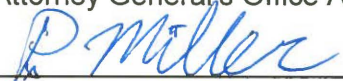
ATTEST:

Cindy Staskiewicz, City ClerkDate

SECURED PARTY:

Beth Blackwell, Grants & Loans ManagerDate
Wyoming State Loan and Investment Board
122 West 25th Street
Herschler Building, 1 West
Cheyenne, WY 82002

Attorney General's Office Approval as to Form:



Assistant Attorney General