

NEW ISSUE – BOOK-ENTRY ONLY

RATINGS:

Moody's: "MIG 1"

S&P: "SP-1+"

(See "RATINGS" herein)

In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the Series 2010B Notes is excluded from gross income for federal income tax purposes and is not a specific preference item nor included in adjusted current earnings for purposes of the federal alternative minimum tax; and interest on the Series 2010B Notes is not included in Colorado taxable income or Colorado alternative minimum taxable income under Colorado income tax laws as described herein. See "TAX MATTERS."



\$325,000,000
STATE OF COLORADO
EDUCATION LOAN PROGRAM
TAX AND REVENUE ANTICIPATION NOTES
SERIES 2010B

Dated: Date of Delivery

Due: June 30, 2011

The proceeds of the Series 2010B Notes will be used as more fully described herein to (i) make interest-free loans to certain Colorado school districts identified herein in order to alleviate temporary general fund cash flow deficits expected to be experienced by such school districts during the fiscal year ending June 30, 2011, and (ii) pay the costs of issuing the Series 2010B Notes.

The Series 2010B Notes will be issued in fully registered form and registered initially in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York, the securities depository for the Series 2010B Notes. Beneficial Ownership Interests in the Series 2010B Notes, in non-certificated book-entry only form, may be purchased in integral multiples of \$5,000 by or through participants in the DTC system. Beneficial Ownership Interests will be governed as to receipt of payments, notices and other communications, transfers and various other matters with respect to the Series 2010B Notes by the rules and operating procedures applicable to the DTC book-entry system as described herein.

The principal of and interest on the Series 2010B Notes, at the rate per annum set forth below, is payable on the maturity date of the Series 2010B Notes set forth above. The Series 2010B Notes are not subject to redemption prior to maturity.

<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price</u>	<u>Yield</u>	<u>CUSIP® No.¹</u>
\$ 25,000,000	2.00%	100.931	0.32%	19672M BB3
300,000,000	2.00	100.926	0.33	19672M BB3

¹ The State takes no responsibility for the accuracy of the CUSIP® information, which is included solely for the convenience of the purchasers of the Series 2010B Notes.

The Series 2010B Notes are special, limited obligations of the State payable solely from and secured by a pledge of the Pledged Revenues described herein. Interest on the Series 2010B Notes will be payable from amounts deposited by the State Treasurer upon issuance of the Series 2010B Notes in the Series 2010 Notes Repayment Account, and from certain investment earnings thereon; and the principal of the Series 2010B Notes will be payable from amounts received by the State Treasurer from the Participating Districts on or before June 27, 2011, as payment of their Program Loans and, if necessary, from certain State funds, all as described herein. The Series 2010B Notes do not constitute a debt, an indebtedness or a multiple fiscal year financial obligation of the State or the Participating Districts within the meaning of any applicable provision of the constitution or statutes of the State, and the registered owners and Beneficial Owners of the Series 2010B Notes may not look to any source other than the Pledged Revenues for payment of the Series 2010B Notes.

An investment in the Series 2010B Notes involves risk. Prospective investors are urged to read this Official Statement in its entirety, giving particular attention to the matters discussed in "INVESTMENT CONSIDERATIONS," in order to obtain information essential to the making of an informed investment decision.

The Series 2010B Notes are offered when, as and if issued by the State, subject to the approving opinion of Kutak Rock LLP, Denver, Colorado, as Bond Counsel. Certain legal matters will be passed upon for the State by the Attorney General of the State, and by Peck, Shaffer & Williams LLP, Denver, Colorado, as special counsel to the State. The Series 2010B Notes are expected to be delivered through the facilities of DTC on or about December 10, 2010.

Dated: December 7, 2010

NOTICES

This Official Statement does not constitute an offer to sell the Series 2010B Notes in any jurisdiction to any person to whom it is unlawful to make such offer in such jurisdiction. No dealer, salesman or other person has been authorized by the State, the State Treasurer or the Financial Advisor to give any information or to make any representation other than those contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized by the State or any other person.

The information and expressions of opinion in this Official Statement are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create the implication that there has been no change in the matters described in this Official Statement since the date hereof.

The information in this Official Statement has been obtained from officers, employees and records of the State, the Participating Districts and other sources believed to be reliable, but this Official Statement is not to be construed as the promise or guarantee of the State, the State Treasurer or the Financial Advisor.

This Official Statement is submitted in connection with the initial offering and sale of the Series 2010B Notes and may not be reproduced or used, in whole or in part, for any other purpose.

The Series 2010B Notes have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have neither confirmed the accuracy nor determined the adequacy of this Official Statement. Any representation to the contrary is unlawful.

CAUTIONARY STATEMENTS REGARDING
PROJECTIONS, ESTIMATES AND OTHER
FORWARD LOOKING STATEMENTS IN
THIS OFFICIAL STATEMENT

This Official Statement, including, but not limited to, the material set forth in “SOURCE OF PAYMENT OF PROGRAM LOANS – State Equalization Funding of School Districts; – Summary Financial Information Regarding the Participating Districts,” “SELECTED STATE FUNDS ELIGIBLE FOR INVESTMENT IN DISTRICT NOTES IN THE EVENT OF A DEFAULT IN THE REPAYMENT OF PROGRAM LOANS,” “DEBT AND CERTAIN OTHER FINANCIAL OBLIGATIONS” and “APPENDIX C – THE STATE GENERAL FUND,” contains statements relating to future results that are “forward looking statements.” When used in this Official Statement, the words “estimate,” “anticipate,” “forecast,” “project,” “intend,” “propose,” “plan,” “expect” and similar expressions identify forward looking statements. The achievement of certain results or other expectations contained in forward looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by the forward looking statements. The State Treasurer does not plan to issue any updates or revisions to those forward looking statements if or when its expectations or events, conditions or circumstances on which these statements are based occur.

* * *

STATE OF COLORADO
EDUCATION LOAN PROGRAM
TAX AND REVENUE ANTICIPATION NOTES
SERIES 2010B

Department of the Treasury

Cary Kennedy, State Treasurer
Eric Rothaus, Deputy Treasurer
Charles Scheibe, Chief Financial Officer
Helen DiBartolomeo, Chief Investment Officer

State Controller

David J. McDermott

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OFFICIAL STATEMENT

Relating to

\$325,000,000

STATE OF COLORADO

EDUCATION LOAN PROGRAM

TAX AND REVENUE ANTICIPATION NOTES

SERIES 2010B

INTRODUCTION

This introduction is not a summary of this Official Statement. It is only a summary description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page and appendices hereto and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of Series 2010B Notes to potential investors is made only by means of the entire Official Statement.

This Official Statement contains information that was either not available or differs from that contained in the Preliminary Official Statement dated November 29, 2010, including, without limitation, the interest rate, prices, yields, CUSIP[®] number, ratings, original purchasers of, and the purchase price paid by such original purchasers for, the Series 2010B Notes. Accordingly, prospective investors should read this Official Statement in its entirety.

General

This Official Statement, which includes the cover page, prefatory information and the appendices, furnishes information in connection with the issuance and sale by the State of Colorado (the “State”) of its \$325,000,000 State of Colorado Education Loan Program Tax and Revenue Anticipation Notes, Series 2010B (the “Series 2010B Notes”). See “THE SERIES 2010B NOTES” and “THE STATE.”

The Series 2010B Notes are issued pursuant to Sections 29-15-112 and 22-54-110, Colorado Revised Statutes, as amended (“C.R.S.”), referred to herein collectively as the “Loan Program Statutes”; the Supplemental Public Securities Act, Part 2 of Article 57 of Title 11, C.R.S. (the “Supplemental Public Securities Act”); and a resolution (the “State Resolution”) adopted by the State Treasurer (the “State Treasurer”). The Loan Program Statutes establish a program (the “Loan Program”) for making interest-free loans (“Program Loans”) to participating Colorado school districts (the “Participating Districts”) in order to alleviate Participating Districts’ temporary general fund cash flow deficits. See “THE SERIES 2010B NOTES – Authorization.”

The Series 2010B Notes

Purpose. The Series 2010B Notes are being issued for the purpose of funding the Loan Program for the State’s fiscal year ending June 30, 2011 (“Fiscal Year 2010-11”), and paying the costs of issuing the Series 2010B Notes. See “THE LOAN PROGRAM; APPLICATION OF SERIES 2010B NOTES PROCEEDS.”

The net proceeds of the sale of the Series 2010B Notes will be deposited in the Series 2010B Education Loan Program Tax and Revenue Anticipation Notes Proceeds Account (the “Series 2010B

Notes Proceeds Account”) of the State’s General Fund (the “General Fund”) and used to make Program Loans to approximately 24 Participating Districts in order to alleviate actual temporary general fund cash flow deficits currently forecast by each Participating District during Fiscal Year 2010-11. See “SOURCE OF PAYMENT OF PROGRAM LOANS – Summary Financial Information Regarding the Participating Districts.” Prior to receiving a Program Loan, each Participating District is required to adopt a resolution (each a “District Resolution” and collectively the “District Resolutions”) pledging to the repayment of its Program Loan those ad valorem property tax revenues received by the Participating District during the period of March 2011 through June 2011 that are required to be deposited in the Participating District’s general fund (“Taxes”), and is required to execute a promissory note to the State Treasurer (each a “District Note” and collectively the “District Notes”) to evidence its repayment obligation. See “THE LOAN PROGRAM; APPLICATION OF SERIES 2010B NOTES PROCEEDS – Program Loans – The Participating Districts,” “DISTRICT RESOLUTIONS AND DISTRICT NOTES” and “SOURCE OF PAYMENT OF PROGRAM LOANS.”

General Provisions. The Series 2010B Notes will be dated the date of issuance and delivery to the original purchasers thereof (the “Closing Date”) and will mature on June 30, 2011 (the “Series 2010B Notes Maturity Date”). The Series 2010B Notes are not subject to redemption prior to the Series 2010B Notes Maturity Date. Interest on the Series 2010B Notes, at the rate per annum set forth on the cover page hereof (computed on the basis of a 360-day year of twelve 30-day months), will accrue from the Closing Date and will be payable on the Series 2010B Notes Maturity Date. See “THE SERIES 2010B NOTES – General Provisions.”

Book-Entry Only System. The Series 2010B Notes will be issued in fully registered form (*i.e.*, registered as to payment of both principal and interest) and registered initially in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), which will serve as securities depository for the Series 2010B Notes. Ownership interests in the Series 2010B Notes (“Beneficial Ownership Interests”), in non-certificated book-entry only form, may be purchased in integral multiples of \$5,000 by or through participants in the DTC system (“DTC Participants”). Beneficial Ownership Interests will be recorded in the name of the purchasers thereof (“Beneficial Owners”) on the books of the DTC Participants from whom they are acquired, and will be governed as to the receipt of payments, notices and other communications, transfers and various other matters with respect to the Series 2010B Notes by the rules and operating procedures applicable to the DTC book-entry system as described in “THE SERIES 2010B NOTES – General Provisions” and “APPENDIX D – DTC BOOK-ENTRY SYSTEM.” References in this Official Statement to the registered owners or the owners of the Series 2010B Notes mean Cede & Co., or such other nominee as may be designated by DTC, and not the Beneficial Owners.

Security and Sources of Payment

The Series 2010B Notes are special, limited obligations of the State payable solely from and secured by a pledge of the following (the “Pledged Revenues”), which the State Treasurer believes will be sufficient for the repayment of the Series 2010B Notes:

- amounts received by the State Treasurer from the Participating Districts on or before June 27, 2011, as repayment of their Program Loans;
- amounts deposited to the Series 2010 Notes Repayment Account of the General Fund as discussed in “THE SERIES 2010B NOTES – Security and Sources of Payment – *The Series 2010 Notes Repayment Account*”; and

- any unexpended proceeds of the Series 2010B Notes and of any additional tax and revenue anticipation notes authorized and issued pursuant to the Loan Program Statutes and payable from and secured by a pledge of all or any portion of the Pledged Revenues on a parity with the pledge thereof in favor of the registered owners (the “Owners”) of the Series 2010B Notes (“Parity Lien Notes”) that have not been loaned to the Participating Districts, together with the interest earnings thereon in excess of the amount deposited by the State Treasurer in the Series 2010B Notes Proceeds Account on the Closing Date. See “THE LOAN PROGRAM; APPLICATION OF SERIES 2010B NOTES PROCEEDS – The Series 2010B Notes Proceeds Account.”

Interest on the Series 2010B Notes will be payable from a deposit to be made by the State Treasurer on the Closing Date to the Interest Subaccount of the Series 2010 Notes Repayment Account in an amount equal to the interest to accrue on the Series 2010B Notes from the Closing Date to the Series 2010B Notes Maturity Date. This deposit is to be made from “Current General Fund Revenues,” consisting of any cash income or other cash receipt credited to the General Fund for Fiscal Year 2010-11 that is (i) subject to appropriation for Fiscal Year 2010-11 and (ii) not yet credited to the General Fund as of the Closing Date, but not including the proceeds of the 2010B Series Notes or any Parity Lien Notes.

Principal of the Series 2010B Notes will be payable from amounts received by the State Treasurer from the Participating Districts on or before June 27, 2011, as repayment of their Program Loans, supplemented if necessary by, among other things, any funds on hand or in the custody or possession of the State Treasurer and eligible for investment in the District Notes, including Current General Fund Revenues and any amounts in the State Funds from which the State Treasurer is authorized to borrow under State law (“Borrowable Resources”).

The Series 2010 Notes Repayment Account and the Pledged Revenues are irrevocably pledged to the payment when due of the principal of and interest on the Series 2010B Notes and any Parity Lien Notes. The Owners of the Series 2010B Notes and any Parity Lien Notes will be equally and ratably secured by a first lien on the Series 2010 Notes Repayment Account and the moneys credited thereto.

The Series 2010B Notes do not constitute a debt, an indebtedness or a multiple fiscal year financial obligation of the State or the Participating Districts within the meaning of any applicable provision of the constitution or statutes of the State, and the Owners and Beneficial Owners of the Series 2010B Notes may not look to any source other than the Pledged Revenues for payment of the Series 2010B Notes.

See generally “THE SERIES 2010B NOTES – Security and Sources of Payment – Parity Lien Notes,” “DISTRICT RESOLUTIONS AND DISTRICT NOTES,” “SOURCE OF PAYMENT OF PROGRAM LOANS,” “SELECTED STATE FUNDS ELIGIBLE FOR INVESTMENT IN DISTRICT NOTES IN THE EVENT OF A DEFAULT IN THE REPAYMENT OF PROGRAM LOANS” and “APPENDIX C – THE STATE GENERAL FUND.”

Legal and Tax Matters

Kutak Rock LLP, Denver, Colorado, is serving as bond counsel (“Bond Counsel”) in connection with the issuance of the Series 2010B Notes and will deliver its opinion substantially in the form included in this Official Statement as “APPENDIX E – FORM OF OPINION OF BOND COUNSEL.” Certain legal matters will be passed upon for the State by the Attorney General of the State and by Peck, Shaffer & Williams LLP, Denver, Colorado, as special counsel to the State.

In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the Series 2010B Notes is excluded from gross income for federal income tax purposes and is not a specific preference item nor included in adjusted current earnings for purposes of the federal alternative minimum tax; and interest on the Series 2010B Notes is not included in Colorado taxable income or Colorado alternative minimum taxable income under Colorado income tax laws as described herein. See also “LEGAL MATTERS” and “TAX MATTERS.”

Continuing Disclosure

In accordance with the exemption set forth in paragraph (d)(3) of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (“Rule 15c2-12”), no undertaking to report annual financial information or operating data as set forth in the final Official Statement, or audited financial statements, will be provided by the State in connection with the Series 2010B Notes as the Series 2010B Notes have a stated maturity of less than 18 months. However, the State Treasurer nevertheless undertakes in the State Resolution to provide periodic disclosure of certain financial information, and to provide notice of certain material events if they occur, as described in “THE SERIES 2010B NOTES – Security and Sources of Payment – *The Series 2010 Notes Repayment Account* – Covenants of the State” and “CONTINUING DISCLOSURE.”

Economic and Demographic Information

This Official Statement contains economic and demographic information about the State prepared by Development Research Partners, Inc. for use by the State. See “APPENDIX B – CERTAIN STATE ECONOMIC AND DEMOGRAPHIC INFORMATION.” Development Research Partners, Inc. has consented to the inclusion of such information in this Official Statement. The State does not assume responsibility for the accuracy, completeness or fairness of the information contained in Appendix B, which has been included in this Official Statement in reliance upon Development Research Partners, Inc. as experts in the preparation of economic and demographic analyses. Potential investors should read Appendix B in its entirety for information with respect to the economic and demographic status of the State.

Additional Information

Brief descriptions of the Series 2010B Notes, the State Resolution, the Loan Program Statutes, the District Resolutions, the District Notes, the Participating Districts, the State and certain other statutes, reports, documents and instruments are included in this Official Statement. Such descriptions do not purport to be comprehensive or definitive and are qualified in their entirety by reference to each such document, statute, report or other instrument. During the offering period, copies of the State Resolution and certain other documents referred to herein may be obtained from RBC Capital Markets, LLC (the “Financial Advisor”), One Tabor Center, 1200 17th Street, Suite 2150, Denver, Colorado 80202, Attention: Terry Casey, telephone number (303) 595-1204.

Investment Considerations

An investment in the Series 2010B Notes involves risk. Prospective investors are urged to read this Official Statement in its entirety, giving particular attention to the matters discussed in “INVESTMENT CONSIDERATIONS,” in order to obtain information essential to the making of an informed investment decision.

Forward Looking Statements

This Official Statement, and particularly the sections hereof captioned “SOURCE OF PAYMENT OF PROGRAM LOANS – State Equalization Funding of School Districts; – Summary Financial Information Regarding the Participating Districts,” “SELECTED STATE FUNDS ELIGIBLE FOR INVESTMENT IN DISTRICT NOTES IN THE EVENT OF A DEFAULT IN THE REPAYMENT OF PROGRAM LOANS” and “APPENDIX C – THE STATE GENERAL FUND,” contains statements relating to future results that are “forward looking statements” as defined in the federal Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words “estimate,” “anticipate,” “forecast,” “project,” “intend,” “propose,” “plan,” “expect” and similar expressions identify forward looking statements. The achievement of certain results or other expectations contained in forward looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by the forward looking statements. The State Treasurer does not plan to issue any updates or revisions to those forward looking statements if or when its expectations or events, conditions or circumstances on which these statements are based occur.

Miscellaneous

The cover page, prefatory information and appendices to this Official Statement are integral parts hereof and must be read together with all other parts of this Official Statement.

Information contained in this Official Statement has been obtained from officers, employees and records of the State, the Participating Districts and from other sources believed to be reliable, but this Official Statement is not to be construed as the promise or guarantee of the State, the State Treasurer or the Financial Advisor. The information herein is subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create the implication that there has been no change in the matters described in this Official Statement since the date hereof. So far as any statements made in this Official Statement involve matters of opinion, forecasts, projections or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact.

This Official Statement shall not be construed as a contract or agreement between the State and the registered owners or Beneficial Owners of the Series 2010B Notes.

THE LOAN PROGRAM; APPLICATION OF SERIES 2010B NOTES PROCEEDS

The Loan Program

Timing differences between revenue collections and disbursements cause many Colorado school districts to incur annual cash flow deficits. The salaries of some school district employees are paid over a 12-month period, and some school district expenses occur on a relatively consistent monthly basis, although most salaries and expenses of school districts are incurred during the traditional school year of September through May. The primary sources of revenue to school districts to meet these expenses include (i) funding from the State pursuant to the Public School Finance Act of 1994 (the “School Finance Act”), which, other than as provided below for Fiscal Year 2010-11, is received in approximately equal monthly amounts throughout the July 1-June 30 fiscal year of the school districts and the State (the “Fiscal Year”), and (ii) property taxes levied by the school districts, most of which are received in March through June when property taxes are paid by taxpayers. See “SOURCE OF PAYMENT OF PROGRAM LOANS.” As a result, school districts often experience cash flow shortages during the fall and winter months before such tax revenues are received. School districts may address this

cash flow shortage in a variety of ways, including: (i) borrowing funds from the State; (ii) transferring funds to the school district's general fund from other school district funds on a short-term basis; (iii) borrowing funds on a short-term basis through the issuance by the school district of tax anticipation notes; or (iv) borrowing funds on a short-term basis from a bank or other lender. Per HB 10-1013, for Fiscal Year 2010-11 only, the timing and amount of installment payments to school districts of the State's share of equalization program funding is to be determined by the Colorado Department of Education (the "State Department of Education"). However, HB 10-1013 further provides that this provision is repealed automatically upon the failure of the citizen's initiative known as Amendment 61 submitted to the State's electors at the November 2010 general election, effective with the later of the Secretary of State's certification of the official statewide abstract of votes for such election or December 15, 2010.

Under the Loan Program Statutes, upon approval by the State Treasurer of an application submitted by a school district, the State Treasurer is to make available to such school district in any month of the budget year in which a cash flow deficit occurs an interest-free or low-interest loan from the State's General Fund or from the proceeds of tax and revenue anticipation notes. There are certain limits on the receipt of such loans. For instance, a Program Loan may not be made to provide assistance for matters eligible for payment from the school district's contingency reserve or to cover a foreseeable level of uncollectible property taxes, nor may a Program Loan be used by a school district for the simultaneous purchase and sale of the same security or an equivalent security in order to profit from price disparity. All loans to a school district are to be made from the proceeds of tax and revenue anticipation notes issued by the State Treasurer as discussed below; provided, however, that if the amount of the tax and revenue anticipation notes, if any, issued on behalf of a school district as determined by the State Treasurer is not sufficient to cover the school district's cash deficit, the State Treasurer may, in his or her discretion, make available to such school district an emergency low-interest loan from the State's General Fund. Such loan is to have the same rate of interest as that paid by the State Treasurer on the State's education loan program tax and revenue anticipation notes issued by the State Treasurer pursuant to Part 9 of Article 75 of Title 24, C.R.S. See "INVESTMENT CONSIDERATIONS – Liquidity Sources in the Event of a Default in the Repayment of Program Loans; Subordination of Certain State Funds."

The Loan Program Statutes authorize the State Treasurer to issue tax and revenue anticipation notes for the purpose of alleviating temporary cash flow deficits by making interest-free loans available to eligible school districts. The Series 2010B Notes are being issued pursuant to this authorization. See also "THE SERIES 2010B NOTES – Authorization."

Application of Series 2010B Notes Proceeds

The proceeds of the Series 2010B Notes, net of amounts used to pay costs and expenses relating to the issuance and sale of the Series 2010B Notes, will be deposited in the Series 2010B Notes Proceeds Account and disbursed from time to time by the State Treasurer upon request of the Participating Districts in order to alleviate temporary general fund cash flow deficits expected to be experienced by such Participating Districts during Fiscal Year 2010-11, subject to the conditions stated in the State Resolution and the District Resolutions. See "Program Loans" and "The Participating Districts" below, "DISTRICT RESOLUTIONS AND DISTRICT NOTES" and "SOURCE OF PAYMENT OF PROGRAM LOANS."

The Series 2010B Notes Proceeds Account

The State Resolution directs the Controller of the State (the "State Controller") to establish within the State's General Fund the Series 2010B Notes Proceeds Account, which is to be segregated from all other accounts in the General Fund. Moneys deposited in the Series 2010B Notes Proceeds Account are to be applied in accordance with the Loan Program Statutes, including the payment of the costs and expenses related to the issuance and sale of the Series 2010B Notes. The original purchasers of the Series

2010B Notes will not be responsible for the application or disposition by the State or its officers of any of the funds derived from the sale of the Series 2010B Notes.

Moneys held in the Series 2010B Notes Proceeds Account may be commingled for investment purposes with other moneys in the General Fund but are not available for the payment of other General Fund expenditures or interfund transfers. Investment earnings on moneys credited to the Series 2010B Notes Proceeds Account up to the amount deposited by the State Treasurer to the Interest Subaccount on the Closing Date are to be credited to the State General Fund; and investment earnings on moneys credited to the Series 2010B Notes Proceeds Account in excess of the amount deposited by the State Treasurer to the Interest Subaccount on the Closing Date are to be retained therein until June 27, 2011, on which date any remaining moneys credited to such Account are to be transferred to the Interest Subaccount of the Series 2010 Notes Repayment Account, after which the Series 2010B Notes Proceeds Account is to be closed. See "APPENDIX C – THE STATE GENERAL FUND – Investment of the State Pool."

Program Loans

In order to participate in the Loan Program, each Participating District's governing board (the "Board of Education") must adopt a resolution approving the amount of the Program Loan (the "Maximum Principal Amount") and submit any actual or projected financial or budgetary statements required by the State Treasurer, as well as certain other financial information required by the State Treasurer. Based on such information, the State Treasurer has approved the Maximum Principal Amount of the Program Loan for each such Participating District.

An aggregate amount of not more than the Maximum Principal Amount may be drawn upon in the manner provided in the District Resolution and expended by the Participating District from time to time to fund its general fund cash flow deficit occurring during Fiscal Year 2010-11. See also "DISTRICT RESOLUTIONS AND DISTRICT NOTES" and "SOURCE OF PAYMENT OF PROGRAM LOANS."

The Participating Districts

As of the date hereof, the Participating Districts that have requested the State Treasurer to issue the Series 2010B Notes on their behalf are set forth in "SOURCE OF PAYMENT OF PROGRAM LOANS – Summary Financial Information Regarding the Participating Districts." No Participating District is expected to borrow in excess of 20% of the available Series 2010B Note proceeds. See "SOURCE OF PAYMENT OF PROGRAM LOANS – Summary Financial Information Regarding the Participating Districts."

THE SERIES 2010B NOTES

The following is a summary of certain provisions of the Series 2010B Notes during such time as the Series 2010B Notes are subject to the DTC book-entry system. Reference is hereby made to the State Resolution in its entirety for the detailed provisions pertaining to the Series 2010B Notes, including provisions applicable upon discontinuance of participation in the DTC book-entry system.

Authorization

The Series 2010B Notes are being issued pursuant to the Loan Program Statutes, the Supplemental Public Securities Act and the State Resolution. The Loan Program Statutes authorize the

State Treasurer to issue tax and revenue anticipation notes from time to time to accomplish the purposes of the Loan Program Statutes. See “THE LOAN PROGRAM; APPLICATION OF SERIES 2010B NOTES PROCEEDS.” The State Treasurer does not foresee the need to issue additional Parity Lien Notes, but reserves the right to do so if additional funds are requested by eligible school district. See “Parity Lien Notes” under this caption.

General Provisions

The Series 2010B Notes will be issued in fully registered form (*i.e.*, registered as to payment of both principal and interest) and registered initially in the name of Cede & Co., as nominee of DTC, which will serve as securities depository for the Series 2010B Notes. Beneficial Ownership Interests in the Series 2010B Notes, in non-certificated book-entry only form, may be purchased in integral multiples of \$5,000 by or through DTC Participants. Such Beneficial Ownership Interests will be recorded in the name of the Beneficial Owners on the books of the DTC Participants from whom they are acquired, and will be governed as to payment of principal and interest and the receipt of notices and other communications, transfers and various other matters with respect to the Series 2010B Notes by the rules and operating procedures applicable to the DTC book-entry system as described in “APPENDIX D – DTC BOOK-ENTRY SYSTEM.” References in this Official Statement to the registered owners or the owners of the Series 2010B Notes mean Cede & Co. or such other nominee as may be designated by DTC, and not the Beneficial Owners.

The Series 2010B Notes will be dated as of the Closing Date, mature on the Series 2010B Notes Maturity Date and bear interest at the rate per annum (computed on the basis of a 360-day year consisting of twelve 30-day months) set forth on the cover page of this Official Statement. Interest on the Series 2010B Notes will accrue from the Closing Date and will be payable on the Series 2010B Notes Maturity Date. The principal of and interest on the Series 2010B Notes will be payable by the State Treasurer, as paying agent for the Series 2010B Notes (the “Paying Agent”), to Cede & Co., as the Owner of the Series 2010B Notes, for subsequent credit to the accounts of the Beneficial Owners. See “APPENDIX D – DTC BOOK-ENTRY SYSTEM.” Interest on the Series 2010B Notes will cease to accrue on the Series 2010B Notes Maturity Date.

The Deputy Treasurer or the Chief Financial Officer of the Department of the Treasury will serve as the registrar for the Series 2010B Notes (the “Registrar”), subject to the provisions of the DTC book-entry system.

Neither the State, the State Treasurer, the Deputy Treasurer, the Chief Financial Officer of the Department of the Treasury, the State Controller nor the Financial Advisor has any responsibility or obligation to any Beneficial Owner with respect to (i) the accuracy of any records maintained by DTC or any DTC Participant, (ii) the distribution by DTC or any DTC Participant of any notice that is permitted or required to be given to the Owners of the Series 2010B Notes under the State Resolution, (iii) the payment by DTC or any DTC Participant of any amounts received under the State Resolution with respect to the Series 2010B Notes, (iv) any consent given or other action taken by DTC or its nominee as the Owner of Series 2010B Notes or (v) any other related matter.

No Redemption Prior to Maturity

The Series 2010B Notes are not subject to redemption prior to the Series 2010B Notes Maturity Date.

Security and Sources of Payment

The Series 2010B Notes are special, limited obligations of the State payable solely from the Pledged Revenues on parity with any Additional Parity Lien Notes. The Series 2010B Notes do not constitute a debt, an indebtedness or a multiple fiscal year financial obligation of the State or the Participating Districts within the meaning of any applicable provision of the constitution or statutes of the State, and the Owners and Beneficial Owners of the Series 2010B Notes may not look to any source other than the Pledged Revenues for payment of the Series 2010B Notes.

The Pledged Revenues. The Pledged Revenues consist of: (i) amounts received by the State Treasurer from the Participating Districts on or before June 27, 2011, in repayment of their Program Loans; (ii) amounts deposited to the Series 2010 Notes Repayment Account as provided below; and (iii) any unexpended proceeds of the Series 2010B Notes and any Parity Lien Notes that have not been loaned to Participating Districts, together with the interest earnings thereon in excess of the amount deposited by the State Treasurer in the Series 2010B Notes Proceeds Account on the Closing Date. See “THE LOAN PROGRAM; APPLICATION OF SERIES 2010B NOTES PROCEEDS – The Series 2010B Notes Proceeds Account.”

The Series 2010 Notes Repayment Account. The State Resolution directs the State Controller to establish within the General Fund the Series 2010 Notes Repayment Account, including therein the Interest Subaccount and the Principal Subaccount, all of which are to be segregated from all other accounts in the General Fund. The Series 2010 Notes Repayment Account and the Pledged Revenues are irrevocably pledged to the payment when due of the principal of and interest on the Series 2010B Notes and any Parity Lien Notes. The Owners of the Series 2010B Notes and any Parity Lien Notes will be equally and ratably secured by a first lien on the Series 2010 Notes Repayment Account and the moneys credited thereto.

On the Closing Date, the State Treasurer is required to deposit to the Interest Subaccount of the Series 2010 Notes Repayment Account, from Current General Fund Revenues then available, an amount equal to the interest to accrue on the Series 2010B Notes from the Closing Date to the Series 2010B Notes Maturity Date. See “SELECTED STATE FUNDS ELIGIBLE FOR INVESTMENT IN DISTRICT NOTES IN THE EVENT OF A DEFAULT IN THE REPAYMENT OF PROGRAM LOANS – The State General Fund” and “APPENDIX C – THE STATE GENERAL FUND.”

The State Resolution also requires the State Treasurer to credit to the Principal Subaccount of the Series 2010 Notes Repayment Account all amounts received from the Participating Districts on or before June 27, 2011, in repayment of their Program Loans. However, if on June 28, 2011, the amount credited to the Principal Subaccount is less than the principal amount of the Series 2010B Notes and any Parity Lien Notes, the State Treasurer is to deposit to the Principal Subaccount the amount of the deficiency from any funds on hand or in the custody or possession of the State Treasurer and eligible for investment in the District Notes. The State Resolution further provides that the State Treasurer is to first utilize all other funds that are eligible for investment in the District Notes prior to the application of Current General Fund Revenues or Borrowable Resources that are eligible for investment in the District Notes.

The ability of the State Treasurer to use Current General Fund Revenues or Borrowable Resources that are eligible for investment in the District Notes to fund a deficiency in the Principal Subaccount of the Series 2010 Notes Repayment Account is subordinate to the use of such funds for payment of any general fund tax and revenue anticipation notes of the State issued during Fiscal Year 2010-11, including, without limitation, the State of Colorado General Fund Tax and Revenue Anticipation Notes, Series 2010A (the “Planned State Series 2010A General Fund Notes”), planned to be issued by the State Treasurer on December 14, 2010, in the principal amount of \$500 million in order to

fund anticipated cash flow shortfalls in the State's General Fund in Fiscal Year 2010-11. In addition, the covenant of the State Treasurer to first use all other funds that are eligible for investment in the District Notes in order to fund a deficiency in the Principal Subaccount of the Series 2010 Notes Repayment Account does not constitute a pledge of or lien on such other funds for that purpose, and there is no limit on the availability or use of such other funds for any other purpose permitted or required by law. If it becomes necessary to make a deposit to the Principal Subaccount of the Series 2010 Notes Repayment Account in order to fund a deficiency therein, the State Resolution requires the State Treasurer to take such actions as may be necessary to identify and designate the District Notes as an investment of the Funds used to make such deposit, and the Owners of the Series 2010B Notes will have no right or claim to any amounts received by the State under the District Notes after June 27, 2011. The making of such investment by the State Treasurer, and the determination of the Fund or Funds, if any, to be used therefor, is in all cases subject to the application of the investment policies for the various State Funds established by statute and the State Treasurer and the exercise of the discretion and fiduciary obligation of the State Treasurer in the investment of State funds. See "INVESTMENT CONSIDERATIONS – Liquidity Sources in the Event of a Default in the Repayment of Program Loans; Subordination of Certain State Funds," "STATE FINANCIAL INFORMATION – Investment and Deposit of State Funds," "SELECTED STATE FUNDS ELIGIBLE FOR INVESTMENT IN DISTRICT NOTES IN THE EVENT OF A DEFAULT IN THE REPAYMENT OF PROGRAM LOANS" and "APPENDIX C – THE STATE GENERAL FUND."

Moneys held in the Series 2010 Notes Repayment Account may be commingled for investment purposes with other moneys in the General Fund but are not available for the payment of other General Fund expenditures or interfund transfers. Interest income from the investment or reinvestment of moneys credited to the Interest Subaccount and the Principal Subaccount up to and including June 27, 2011, is to be credited to the General Fund and not credited to the Interest Subaccount or the Principal Subaccount. See "APPENDIX C – THE STATE GENERAL FUND – Investment of the State Pool."

Limitations on the Obligations of the State. The State Resolution provides that no provision thereof or of the Series 2010B Notes is to be construed or interpreted: (i) to directly or indirectly obligate the State to make any payment in any Fiscal Year in excess of amounts appropriated by the State Resolution for such Fiscal Year; (ii) as creating a debt or an indebtedness of the State within the meaning of any applicable provision of the State Constitution or State statutes; (iii) as creating a multiple fiscal year direct or indirect debt or other financial obligation whatsoever of the State within the meaning of TABOR for which adequate cash reserves have not been pledged irrevocably and held for payment in all future fiscal years; (iv) as a delegation of governmental powers by the State; (v) as a loan or pledge of the credit or faith of the State or as creating any responsibility by the State for any debt or liability of any person, company or corporation within the meaning of Article XI, Section 1 of the State Constitution; or (vi) as a donation or grant by the State to, or in aid of, any person, company or corporation within the meaning of Article XI, Section 2 of the State Constitution. See "STATE FINANCIAL INFORMATION – Taxpayer's Bill of Rights."

Parity Lien Notes

The State Resolution authorizes the State Treasurer from time to time during Fiscal Year 2010-11 to issue additional tax and revenue anticipation notes pursuant to the Loan Program Statutes that are payable from and secured by a pledge of all or any portion of the Pledged Revenues on a parity with (but not superior to) the pledge in favor of the Owners of the Series 2010B Notes. Such Parity Lien Notes may have such details as the State Treasurer may determine; provided, however, that the Parity Lien Notes are required to be (i) non-redeemable prior to their Maturity Date, (ii) due and payable as to both principal and interest on or after the Maturity Date and (iii) payable from the Series 2010 Notes Repayment Account.

The State Treasurer currently does not foresee the need to issue additional Parity Lien Notes payable from and secured by a pledge of all or a portion of the Pledged Revenues on a parity with the pledge in favor of the Series 2010B Notes; however, the State Treasurer reserves the right to issue such additional notes if additional funds are requested by eligible school districts. The State Resolution does not limit the principal amount of Parity Lien Notes.

Covenants of the State

The State Treasurer covenants in the State Resolution for the benefit of the original purchasers (the “Purchasers”) and the Owners of the Series 2010B Notes to: (i) keep proper books of record and accounts showing complete and correct entries of all transactions relating to the Funds and Accounts referred to therein and in such manner that the amount of Program Loans made to each Participating District and the amount of repayment of such Program Loans by each Participating District may at all times be readily and accurately determined; (ii) take any and all actions that may be reasonably required to ensure timely collection of the amounts due by Participating Districts under their respective District Notes; and (iii) upon being notified of an event of default under the applicable Participating District Resolution (a “Participating District Event of Default”), immediately give notice of such Participating District Event of Default to the MSRB and to DTC or any successor depository unless there has been credited to the Series 2010 Notes Repayment Account an amount sufficient to pay principal of and interest on all Series 2010B Notes and any Parity Lien Notes when due.

Defaults and Remedies

Each of the following constitutes an “Event of Default” under the State Resolution:

- payment of the principal of or interest on any of the Series 2010B Notes is not made on the Series 2010B Notes Maturity Date; or
- the State fails to perform or observe any of the covenants, agreements or conditions contained in the State Resolution or in the Series 2010B Notes and such failure continues for 15 days after receipt of written notice by the State Treasurer from any Owner of any of the Series 2010B Notes.

Upon the occurrence of any Event of Default, any Owner of the Series 2010B Notes may: (i) bring any suit, action or proceeding, at law or in equity, to collect sums due and owing on the Series 2010B Notes or to enforce and protect such Owner’s rights under the State Resolution and the Series 2010B Notes; (ii) compel, to the extent permitted by law, by mandamus or otherwise, the performance by the State of any covenant in the State Resolution or the Series 2010B Notes; or (iii) examine the books and records of the State and require the State Treasurer to account for all moneys and investments constituting Pledged Revenues as if the State Treasurer were the trustee of an express trust. Neither principal of nor interest on the Series 2010B Notes may be accelerated as a consequence of any Event of Default.

If on the Maturity Date the moneys in the Series 2010 Notes Repayment Account are insufficient to pay the principal of and interest on the Series 2010B Notes and any Parity Lien Notes, the State Treasurer is to ratably apply the moneys in the Series 2010 Notes Repayment Account to the payment of the principal and interest then due and unpaid upon the Series 2010B Notes and any Parity Lien Notes, without preference or priority of principal over interest or of interest over principal, or of any Series 2010B Note or Parity Lien Note over any other Series 2010B Note or Parity Lien Note, according to the amounts due, respectively, for principal and interest, to the persons entitled thereto without any discrimination or preference.

Tax Covenant

The State Treasurer covenants in the State Resolution for the benefit of the Purchasers and the Owners of the Series 2010B Notes that, subject to further investment limitations established pursuant to the terms of the State Resolution, moneys in the Series 2010B Notes Proceeds Account and the Series 2010 Notes Repayment Account not immediately needed will be invested only in investments authorized by the Loan Program Statutes; Article 36 of Title 24, C.R.S.; or, to the extent applicable, Part 6 of Article 75 of Title 24, C.R.S.

The State Treasurer further covenants that the State Treasurer will not take any action or omit to take any action with respect to the Series 2010B Notes, the proceeds thereof or other funds of the State if such action or omission: (i) would cause the interest on the Series 2010B Notes to lose its exclusion from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended, and the United States Treasury Regulations thereunder (the “Code”); (ii) would cause interest on the Series 2010B Notes to lose its exclusion from alternative minimum taxable income as defined in Section 55(b)(2) of the Code except to the extent such interest is required to be included in the adjusted current earnings adjustment applicable to corporations under Section 56 of the Code in calculating corporate alternative minimum taxable income; or (iii) would cause interest on the Series 2010B Notes to lose its exclusion from State taxable income or State alternative minimum taxable income under present State law. This covenant will remain in full force and effect notwithstanding the payment in full of the Series 2010B Notes until the date on which all obligations of the State Treasurer in fulfilling such covenant under the Code and State law have been met. See also “TAX MATTERS.”

INVESTMENT CONSIDERATIONS

An investment in the Series 2010B Notes involves certain investment risks that are discussed throughout this Official Statement. Each prospective investor should make an independent evaluation of all information presented in this Official Statement in order to make an informed investment decision. Particular attention should be given to the factors described below that, among others, could affect the payment of the principal of and interest on the Series 2010B Notes.

Limited Obligations

The Series 2010B Notes are special, limited obligations of the State payable solely from and secured by a pledge of the Pledged Revenues. The State has not pledged its General Fund, taxing power or revenues, other than the Pledged Revenues, to the payment of the Series 2010B Notes. The Series 2010B Notes do not constitute a debt, indebtedness or multiple fiscal year financial obligation of the State or any political subdivision thereof within the meaning of any applicable provision of the constitution or laws of the State; do not constitute general obligations of the State, the Participating Districts or any other political subdivision of the State; and no governmental entity has pledged its faith and credit for the payment of the Series 2010B Notes. If an Event of Default under the State Resolution should occur, there may not be sufficient Pledged Revenues available to pay the principal of and/or the interest on the Series 2010B Notes. See “THE SERIES 2010B NOTES – Security and Sources of Payment – Defaults and Remedies.”

Insufficient Taxes

The District Notes are payable solely from the Taxes of the respective Participating Districts received during the period of March through June 2011. Property taxes received by a Participating District either prior or subsequent to such period will not be available for repayment of its District Note. In the event that a Participating District’s Taxes are insufficient to timely repay its District Note, the State

Treasurer is required by the State Resolution to fund the amount of the deficiency, and pay the principal amount of the Series 2010B Notes, from any funds on hand or in the custody or possession of the State Treasurer and eligible for investment in the District Notes, but is first to utilize all other funds that are eligible for investment in the District Notes prior to the application of Current General Fund Revenues or Borrowable Resources that are eligible for investment in the District Notes. The State Treasurer is entitled to and intends to recover those moneys from such Participating District under the default provisions of the Loan Program Statutes and the District Resolutions. See “DISTRICT RESOLUTIONS AND DISTRICT NOTES – Defaults and Remedies.” The obligation of a Participating District to make payments in respect of its District Note does not constitute a joint obligation with any other Participating District and is strictly limited to the principal amount of the District Note and, under the circumstances described in “DISTRICT RESOLUTIONS AND DISTRICT NOTES – Participation in the Loan Program,” default interest thereon (the “Payment Obligation”) under its District Resolution. See “SOURCE OF PAYMENT OF PROGRAM LOANS – Summary Financial Information Regarding the Participating Districts” for information regarding the historical average property tax collection rates for the Participating Districts. There is no assurance that the Participating Districts will collect sufficient Taxes from March through June of 2011 to repay the Program Loans in full.

Liquidity Sources in the Event of a Default in the Repayment of Program Loans; Subordination of Certain State Funds

As discussed in “Insufficient Taxes” above and in “THE SERIES 2010B NOTES – Security and Sources of Payment – The Series 2010 Notes Repayment Account” and “SELECTED STATE FUNDS ELIGIBLE FOR INVESTMENT IN DISTRICT NOTES IN THE EVENT OF A DEFAULT IN THE REPAYMENT OF PROGRAM LOANS,” in the event of a deficiency in the Principal Subaccount of the Series 2010 Notes Repayment Account resulting from a default in the repayment of Program Loans, the State Resolution requires the State Treasurer to deposit to the Principal Subaccount of the Series 2010 Notes Repayment Account the amount of the deficiency from any funds on hand or in the custody or possession of the State Treasurer and eligible for investment in the District Notes. The State Resolution further provides that the State Treasurer is to utilize all other funds that are eligible for investment for such purpose prior to the application of Current General Fund Revenues or Borrowable Resources that are eligible for investment in the District Notes.

The ability of the State Treasurer to use Current General Fund Revenues or Borrowable Resources that are eligible for investment in the District Notes to fund a deficiency in the Principal Subaccount of the Series 2010 Notes Repayment Account is subordinate to the use of such funds for payment of any general fund tax and revenue anticipation notes of the State issued during Fiscal Year 2010-11, including, without limitation, the Planned State Series 2010A General Fund Notes. In addition, the covenant of the State Treasurer to first use all other funds that are eligible for investment in the District Notes in order to fund a deficiency in the Principal Subaccount of the Series 2010 Notes Repayment Account does not constitute a pledge of or lien on such funds for that purpose, and there is no limit on the availability or use of such funds for any other purpose permitted or required by law. If it becomes necessary to make a deposit to the Principal Subaccount of the Series 2010 Notes Repayment Account in order to fund a deficiency therein, the State Resolution requires the State Treasurer to take such actions as may be necessary to identify and designate the District Notes as an investment of the Funds used to make such deposit, and the Owners of the Series 2010B Notes will have no right or claim to any amounts received by the State under the District Notes after June 27, 2011. The making of such investment by the State Treasurer, and the determination of the Fund or Funds, if any, to be used therefor, is in all cases subject to the application of the investment policies for the various State Funds established by statute and the State Treasurer and the exercise of the discretion and fiduciary obligation of the State Treasurer in the investment of State funds. See “STATE FINANCIAL INFORMATION – Investment and Deposit of State Funds.”

Budgets and Revenue Forecasts

The State relies on revenue estimation as the basis for budgeting and establishing aggregate funds available for expenditure for its appropriation process. By statute, the Governor's Office of State Planning and Budgeting ("OSPB") is responsible for developing the General Fund revenue estimate. If the OSPB forecast projects a budgetary shortfall in excess of one-half of the Unappropriated Reserve requirement for the current Fiscal Year (as further described in "THE STATE – Budget Process and Other Considerations – *Revenues and Unappropriated Amounts*"), by statute the Governor is required to take certain budget balancing measures to ensure that the Unappropriated Reserve as of the close of such Fiscal Year will be at least one-half of the required amount. See "APPENDIX C – THE STATE GENERAL FUND – Revenue Estimation – *Revenue Shortfalls* – OSPB Revenue and Economic Forecasts."

The most recent OSPB revenue forecast was issued on September 20, 2010 (the "OSPB September 2010 Revenue Forecast"), and is summarized in this Official Statement. See "STATE FINANCIAL INFORMATION" and "APPENDIX C – THE STATE GENERAL FUND – Revenue Estimation – OSPB Revenue and Economic Forecasts." The OSPB September 2010 Revenue Forecast states that after adjusting for the August 23, 2010, budget balancing actions taken by the Governor that resulted from the OSPB June 2010 revenue forecast shortfall, a revised shortfall is projected at \$256.9 million for Fiscal Year 2010-11.

The amount of budgetary shortfall projected in the OSPB September 2010 Revenue Forecast is in excess of the one-half of the 4% Unappropriated Reserve requirement for Fiscal Year 2010-11. Accordingly, in compliance with the State law, on October 22, 2010, the Governor presented a budget balancing plan providing balancing measures totaling \$296.5 million to the General Fund, including \$226.6 million in General Fund expenditures reductions (primarily to K-12 education programs), \$65.4 million associated with net transfers to the General Fund from cash funds (primarily from severance tax funds) and \$4.5 million reflecting a reduction of the required Unappropriated Reserve since such reserve is a percentage of the Fiscal Year 2010-11 General Fund expenditures which are to be reduced. While many of the Governor's budget balancing actions have already been made operational by the executive branch, as required by statute, the General Assembly must adopt the Governor's plans through legislative action prior to the Fiscal Year 2010-11 budget being balanced. See "APPENDIX C – THE STATE GENERAL FUND – Revenue Estimation – Revenue Shortfalls – Budgetary Reduction Measures for Fiscal Year 2010-11."

The next OSPB revenue forecast will be released on December 20, 2010. General Fund revenue projections in the new forecast may be materially different from the OSPB September 2010 Revenue Forecast and may project an additional revenue shortfall. Due to the volatility in the State and national economies, on average the last six forecasts from the OSPB have been significantly lower than the immediately preceding forecast, and such volatility may be reflected in the December 2010 forecast. If an additional revenue shortfall is projected for Fiscal Year 2010-11 and subsequent forecasted years, further budget cuts will be necessary to ensure the balanced budget. A further cash shortfall may adversely affect the State's ability to fund any deficiency in the Principal Subaccount of the Series 2010 Notes Repayment Account on June 28, 2011. See "SELECTED STATE FUNDS ELIGIBLE FOR INVESTMENT IN DISTRICT NOTES IN THE EVENT OF DEFAULT IN THE REPAYMENT OF PROGRAM LOANS" and "APPENDIX C – THE STATE GENERAL FUND."

Prospective investors are cautioned that any forecast is subject to uncertainties, and inevitably some assumptions used to develop the forecasts will not be realized, and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasted and actual results, and such differences may be material. No representation or guaranty is made herein as to the

accuracy of the forecasts. See the inside cover of this Official Statement regarding forward-looking statements.

Parity Lien Notes

The State Resolution permits the State to issue Parity Lien Notes upon satisfaction of certain conditions provided therein and in the Loan Program Statutes. If issued, such Parity Lien Notes would be payable from and secured by a pledge of the Pledged Revenues on a parity with the pledge securing the Series 2010B Notes. Therefore, the issuance of Parity Lien Notes could adversely impact the investment security for the Series 2010B Notes. The State Treasurer currently does not foresee the need to issue additional Parity Lien Notes payable from and secured by a pledge of all or a portion of the Pledged Revenues on a parity with the pledge in favor of the Series 2010B Notes; however, the State Treasurer reserves the right to issue such additional notes if additional funds are requested by eligible school districts. The State Resolution does not limit the principal amount of Parity Lien Notes. See “THE SERIES 2010B NOTES – Authorization – Parity Lien Notes.”

Loss of Tax Exemption

As discussed in “TAX MATTERS,” the interest on the Series 2010B Notes could become includable in gross income for federal income tax purposes and/or become includable in Colorado taxable income or Colorado alternative minimum taxable income as a result of a failure of the State to comply with certain covenants contained in the State Resolution.

Future Changes in Laws

Various State laws and constitutional provisions apply to the operations of the Participating Districts and the imposition, collection and expenditure of ad valorem property taxes and other funds by the Participating Districts, including the Taxes pledged to the repayment of the Program Loans, as well as to the operations of and availability and appropriation of funds by the State. There is no assurance that there will not be any changes in, interpretation of or addition to such laws that would have a material adverse effect, directly or indirectly, on the operations of the Participating Districts, the imposition, collection or expenditure of ad valorem property taxes and other funds by the Participating Districts or the ability of the Participating Districts to repay the Program Loans, or on the affairs of the State, the availability of and appropriation of funds by the State or the ability of the State to repay the Series 2010B Notes.

DISTRICT RESOLUTIONS AND DISTRICT NOTES

The Board of Education of each Participating District that has requested the State Treasurer to issue the Series 2010B Notes on its behalf has, or prior to the Closing Date is required to have, adopted a District Resolution that authorizes the Participating District to borrow funds from the State Treasurer pursuant to the Loan Program, and has, or prior to the Closing Date is required to have, executed and delivered a District Note to the State Treasurer to evidence the Participating District’s obligation to repay its Program Loan. The obligation of a Participating District to make payments in respect of its District Note is not a joint obligation with any other Participating District and is strictly limited to the Payment Obligations of such Participating District under its District Resolution.

Set forth below is a summary of the District Resolutions and District Notes. The District Resolutions and District Notes are substantially the same except as to Maximum Principal Amount and the cash flow projections. The following summary does not purport to be complete, and is qualified by express reference to the provisions of the District Resolutions and District Notes, copies of which are

available as provided in “INTRODUCTION – Additional Information” and “MISCELLANEOUS.” A District Resolution may be amended only with the written consent of the State Treasurer. See also “APPLICATION OF SERIES 2010B NOTES PROCEEDS; THE LOAN PROGRAM – Program Loans – The Participating Districts.”

Participation in the Loan Program

The District Resolution authorizes the Participating District to participate in the Loan Program for Fiscal Year 2010-11, and to issue and deliver the District Note to the State Treasurer in the Maximum Principal Amount to evidence the Participating District’s Payment Obligation, for the purpose of paying the Participating District’s projected budgeted expenses during Fiscal Year 2010-11. The District Note matures on June 27, 2011 (the “District Note Maturity Date”), and is interest-free through such date; provided, however, that if the District Note is not paid in full on the District Note Maturity Date, it will become a defaulted note (a “Defaulted Note”) and the unpaid portion thereof will bear interest thereafter until paid at a default rate equal to the interest rate, or the weighted average interest rate, paid by the State Treasurer on the Series 2010B Notes and any Parity Lien Notes. The District Note may be prepaid in whole or in part at any time prior to the District Note Maturity Date.

The Participating District may obtain advances on its Program Loan in the manner discussed in “THE LOAN PROGRAM; APPLICATION OF SERIES 2010B NOTES PROCEEDS – Program Loans.”

The State Treasurer is authorized pursuant to the District Resolution to maintain records on behalf of the Participating District that reflect the outstanding principal amount due under the District Note, the date and amount of the Program Loan and repayment of the Program Loan by the Participating District to the State Treasurer.

Security for and Payment of the District Note

The District Note is payable from and secured by a lien in the amount of the Participating District’s Payment Obligations on all of the Participating District’s ad valorem taxes on real and personal property received by the Participating District during the period of March through June 2011 that are required to be credited to the Participating District’s general fund. Such lien has priority over all other expenditures from such Taxes until the Participating District’s Payment Obligations are paid in full. All Taxes received by the Participating District are to be paid to the State Treasurer within one Business Day of receipt until the Payment Obligations are paid in full. The District Resolution authorizes the State Treasurer to pledge and assign the District Note and all or any part of the Participating District’s obligations thereunder, including, without limitation, the Participating District’s Payment Obligations, to secure the payment of the Series 2010B Notes and any Parity Lien Notes. See “SOURCE OF PAYMENT OF PROGRAM LOANS.”

Defaults and Remedies

The occurrence of any of the following constitutes a “District Event of Default” with respect to the District Resolution and District Note:

- (i) failure by the Participating District to pay in full the principal amount of the District Note when due or before the District Note Maturity Date;
- (ii) default by the Participating District in the performance or observance of any other covenant, agreement or obligation of the Participating District under its District Note or District Resolution (other than as described in the previous paragraph) and failure to cure such

default within ten days after the earlier of the date that the Participating District furnishes notice of a default or the Participating District receives written notice of default from the State Treasurer;

(iii) with certain exceptions, any warranty, representation or other statement by or on behalf of the Participating District contained in its District Resolution or in any certificate, requisition, report or any other instrument furnished in compliance with or in reference to its District Resolution or its District Note is false or misleading in any material respect; or

(iv) the Participating District: applies for or consents to the appointment of a receiver, trustee, liquidator, custodian or the like either of itself or of its property; admits in writing its inability to pay its debts generally as they become due; makes a general assignment for the benefit of creditors; or is adjudicated a bankrupt or insolvent.

Upon the occurrence of a District Event of Default as described in clause (i) above, the statutory remedy of the State Treasurer is to notify the treasurer of each county in which the Participating District levies Taxes that the Participating District is in default on its obligation to pay its Payment Obligation and the amount of the default. Pursuant to the Loan Program Statutes, the county treasurer is thereupon required to withhold any moneys of the Participating District in the possession of the county treasurer in the amount of such unpaid Payment Obligation, and transmit such moneys to the State Treasurer. If the amount of such moneys of the Participating District in the possession of the county treasurer at the time notice of the default is given is less than the amount of the default, the county treasurer is required to withhold additional moneys of the Participating District until such time as the Payment Obligation has been paid in full to the State Treasurer. The State Treasurer also may acquire from the Participating District real property having a fair market value at least equal to the outstanding balance of the District Note and lease back such property to the Participating District pursuant to a lease-purchase agreement that is subject to annual appropriation. If a Participating District defaults in the payment of rent required by the lease-purchase agreement and fails to cure such default, the State Treasurer may take possession of the property and, upon entry of a judgment in favor of the State Treasurer and the issuance of a writ of restitution, the State Treasurer is to liquidate the property to the best advantage of the State.

Upon the occurrence of any District Event of Default, the State Treasurer may take any other action at law or in equity to enforce the performance or observance of any other obligation, agreement or covenant of the Participating District, and to enforce the levy, liens, pledges and security interests granted or created under the District Resolution. The several remedies available to the State Treasurer upon a District Event of Default are cumulative. No delay or omission to exercise any right or power occurring upon any default is to impair any such right or power or be construed to be a waiver thereof, and all such rights and powers may be exercised as often as may be deemed expedient.

A District Event of Default does not constitute an Event of Default under the State Resolution. See "THE SERIES 2010B NOTES – Defaults and Remedies."

Other Covenants and Representations

The Participating District further covenants and agrees in the District Resolution as follows:

- The Participating District will provide to the State Treasurer demographic and financial information concerning the Participating District relevant to the Participating District's obligations under the District Resolution, which the State Treasurer is authorized to provide, on behalf of the Participating District, to such other parties as the State Treasurer deems necessary and in the best interests of the Participating District in order to

consummate the transactions contemplated by the District Resolution and under the Loan Program. The Participating District further covenants that, with respect to the Participating District's operations or description as of the Closing Date and as of the date provided, whether prior to or following the Closing Date, the information so provided will not contain any untrue statement of a material fact, and will not omit any material fact necessary to prevent such statements or information so provided, in light of the circumstances under which they are made, from being misleading.

- The Participating District will not issue notes or other obligations for cash flow purposes that are payable from the Taxes or secured by a lien on the Taxes or on ad valorem taxes on real and personal property received or to be received by the Participating District after the District Note Maturity Date that are required to be credited to the Participating District's general fund and are available for payment of the Defaulted Note pursuant to Section 22-54-110(2)(c), C.R.S. ("Default Taxes"), that is superior to or on a parity with the lien of the District Note.
- The Participating District will furnish to the State Treasurer as soon as possible (and in any event within two Business Days) after the discovery by the Participating District of any District Event of Default, or of any event, act or occurrence that with notice or lapse of time, or both, would become a District Event of Default (a "District Default"), a certificate of an Authorized Officer (as defined in the District Resolution) setting forth the details of such District Event of Default or District Default and the action proposed to be taken by the Participating District with respect thereto.
- The Participating District will deliver to the State Treasurer such financial data as the State Treasurer may reasonably request (including, without limitation, any information relating to Taxes, expenses, available funds, tax rolls, financial statements, budget and cash flow) and, if requested, copies of the Participating District's audited year-end financial statements, budgets, official statements and similar information issued by it to the public.

The Participating District also represents to the State Treasurer that unless, prior to the Closing Date, one of the Authorized Officers of the District notifies the State Treasurer in writing to the contrary, among other things: (i) it has had an ad valorem property tax collection rate of not less than 90% of the aggregate amount of ad valorem property taxes levied within the Participating District in each of the most recent five Fiscal Years; (ii) as of the date of adoption of the District Resolution and on the date of issuance of the District Note the Participating District reasonably expects to collect at least 90% of such amount for Fiscal Year 2010-11; (iii) the Participating District has not defaulted within the past five years, and is not currently in default, on any debt obligation; and (iv) any documents setting forth, among other matters, financial information regarding the District and information relating to the District Resolution and the District's obligations thereunder, other disclosures by the District pursuant to the District Resolution and cash flow projections and ongoing reports pursuant to the District Resolution have been and will be prepared consistent with generally accepted accounting principles; and (v) the District's budget and financial accounting policies and procedures are in compliance with State law.

Parties in Interest

Nothing in the District Resolution, expressed or implied, is intended to or is to be construed to confer upon or to give to any person or party other than the State Treasurer, acting on behalf of the State, as the sole owner of the District Note, any rights, remedies or claims under or by reason of the District Resolution or any covenant, condition or stipulation thereof; and all covenants, stipulations, promises and

agreements in the District Resolution are for the sole and exclusive benefit of the State Treasurer, acting on behalf of the State, as a third party beneficiary.

SOURCE OF PAYMENT OF PROGRAM LOANS

Taxes

The Program Loans are payable solely from the Taxes of the Participating Districts, and do not constitute general obligations of the Participating Districts. See “DISTRICT RESOLUTIONS AND DISTRICT NOTES – Security for and Payment of the District Note.”

Taxes are limited to ad valorem taxes on real and personal property received by the Participating District during the period of March through June 2011 that are required to be credited to the Participating District’s general fund. These in turn are comprised of the ad valorem property taxes that the Participating District is authorized to impose in accordance with the School Finance Act, plus certain permitted “override” revenues, both of which are discussed in this section.

In addition to the Taxes, the Participating Districts are also authorized to impose ad valorem property taxes for certain other purposes, such as for bond redemption and capital improvements, and receive various other local, State and federal revenues. However, none of these other revenues constitute Taxes pledged to the payment of the District Loans.

State Equalization Funding of School Districts

The discussion under this caption provides an overview of the funding of the Colorado school districts under State statutes. *The State portion of the school districts’ funding is not pledged to pay the Program Loans.*

Colorado school districts are funded primarily from revenues that are determined in accordance with the School Finance Act, which was adopted in furtherance of the State legislature’s duty under Article IX, Section 2 of the State Constitution to provide for a thorough and uniform system of public schools throughout the State. The School Finance Act revised the formula for distributing State moneys to school districts previously applied under the Public School Finance Act of 1988, and has applied to school districts for budget years beginning on and after July 1, 1994.

Total Program Amount. For each school district, an amount is calculated that represents the financial base of support for public education in that school district for a given budget year (the “Total Program”). After determining the Total Program, such amount is funded in part by the school district and the balance is funded by the State.

Funding to school districts is based on a per-pupil formula that calculates Total Program. For each pupil funded in the October 1 pupil count, the formula provides a base per pupil amount of money plus additional money to recognize district-by-district variances in cost of living, personnel costs and size. The Total Program amount also includes additional funding for at-risk pupils. As these components vary among school districts, so does the amount of Total Program funding provided.

Starting in Fiscal Year 2010-11, a new factor was introduced in the school finance formula due to the Statewide budget balancing challenges Colorado currently is facing. This new factor is called the “State Budget Stabilization Factor” and reduces the amount of funding school districts would have received prior to the application of this factor in an equitable manner. In general, this factor is calculated

by first determining the Total Program prior to application of the State Budget Stabilization Factor. Then the State Budget Stabilization Factor reduces this Statewide Total Program to no less than \$5,438,295,823, being a total amount set by the State legislature for Fiscal Year 2010-11 in HB 10-1369. The difference between the Total Program amount prior to application of the State Budget Stabilization Factor and the established floor amount for Total Program is utilized to calculate a percentage reduction that is then applied to each School District's Total Program funding amount.

The general rule for calculating Total Program funding for Fiscal Year 2010-11 and thereafter is as follows:

$$\text{Total Program} = \text{Funded Pupil Count (October 1)} \times \text{Total Per Pupil Funding} + \text{At-Risk Funding} + \text{On-Line Funding} + \text{State Budget Stabilization Factor}$$

Funded Pupil Count = The sum of (i) the greater of the number of pupils enrolled in the school district for the current budget year or the average enrollment for the current and up to three prior budget years (less the Colorado Preschool Program Pupil Counts), plus (ii) the school district's On-line Pupil Count plus (iii) the school district's Colorado Preschool Program Pupil Count.

Per Pupil Funding = A formula which takes into consideration a Statewide base level plus adjustments for variances in school district size, cost of living, personnel costs and non-personnel cost factors specified in the School Finance Act.

At-Risk Funding = Funding formulas which are based upon the number of school district pupils and pupils Statewide eligible for the federal free lunch program.

On-Line Funding = Funding for pupils receiving an education predominantly through an on-line program and residing in the State.

State Budget Stabilization Factor = A reduction to other existing factors, which does not reduce any base per pupil funding that school districts receive through the school finance formula as discussed above.

The School Finance Act provides for a minimum level of Total Program funding of \$6,471.52 per traditional pupil plus \$6,244.58 per on-line pupil for Fiscal Year 2010-11, but limits a school district's Total Program per pupil funding to not more than 125% of its prior year's Total Program funding per pupil funding (not including override revenues discussed below). In addition, a school district's ability to accept the full amount of Total Program funding may be limited by the constraints on the school district's annual revenue and spending growth discussed in "Taxpayer's Bill of Rights" below.

Amendment 23. In November of 2000, the State's voters approved an amendment to the State Constitution relating to funding for public schools, commonly referred to as "Amendment 23." Amendment 23 requires that the base per-pupil funding amount and the funding for categorical programs (such as transportation, language proficiency, expelled and at-risk students, special education, gifted and talented education, vocational education, small attendance centers and comprehensive health education): (i) increase by the rate of inflation plus one percentage point for Fiscal Year 2001-02 through Fiscal Year 2010-11, and (ii) increase by at least the rate of inflation each year thereafter. Amendment 23 also creates

the State Education Fund, and (i) mandates that there be deposited therein an amount equal to all State revenues collected from a tax of one-third of one percent on federal taxable income, as modified by law, of every individual, estate, trust and corporation, as defined by law, and (ii) exempts such revenues from the revenue limitations of TABOR. See “Taxpayer’s Bill of Rights” below. The State legislature may appropriate moneys from the State Education Fund only to increase funding in preschool through 12th grade education or for purposes specifically provided in Amendment 23, including accountable education reform, accountable programs to meet State academic standards, reducing class size, expanding technology education, improving public safety, accountability reporting, performance incentives for teachers and public school building capital construction. The Amendment 23 funds may not be used to reduce the current level of general fund appropriations for Total Program funding and categorical programs. Amendment 23 further requires the State to increase its General Fund appropriation for the Total Program under the School Finance Act by at least 5% in each year from Fiscal Year 2001-02 through Fiscal Year 2010-11, except in any Fiscal Year in which State personal income grows less than 4.5% between the previous two Fiscal Years, as was the case for Fiscal Years 2008-09 and 2009-10. Based on the OSPB September 2010 Revenue Forecast, it is not anticipated that the State will be required to increase by at least 5% its General Fund appropriation for the Total Program in Fiscal Year 2010-11. See also “SELECTED STATE FUNDS ELIGIBLE FOR INVESTMENT IN DISTRICT NOTES IN THE EVENT OF A DEFAULT IN THE REPAYMENT OF PROGRAM LOANS – Certain Funds Eligible for Investment in the District Notes – The State Education Fund.”

Sources of Funding of Total Program. Under the School Finance Act, a school district’s Total Program is funded in part by the school district, with the State funding the balance. The school district’s share is the amount raised by the school district’s ad valorem property tax mill levy (assuming 100% collection) plus the amount of specific ownership tax revenue paid to the school district in the prior Fiscal Year that is attributable to the school district’s general fund, excluding override revenues.

Effective with the 2007 levy year, the School Finance Act requires that each school district’s general fund mill levy be maintained at no less than its 2006 level, with no reduction permitted for increases in the school district’s assessed valuation. This measure reduced the State’s share of the Total Program in Fiscal Year 2007-08 and thereafter and increased the dependency of school districts on the local property taxes to meet their funding needs. Pursuant to the School Finance Act, beginning with the 2007 levy year, a school district’s mill levy is to be the lowest of the following: (i) the number of mills levied by the school district for the immediately preceding property tax year; (ii) the number of mills that will generate property tax revenue in an amount equal to the school district’s Total Program for the applicable budget year minus the minimum State aid and the amount of specific ownership tax revenue paid to the school district; (iii) for school districts that have not obtained voter approval to retain and spend revenues in excess of the property tax revenue limitation imposed on such school districts by TABOR (commonly known as being “De-Bruced”), the number of mills that may be levied by such school districts in accordance with the property tax revenue limitation imposed by TABOR; or (iv) 27.000 mills. See “Taxpayer’s Bill of Rights” below and “INVESTMENT CONSIDERATIONS – Insufficient Taxes.”

Specific ownership tax revenue is the portion of the revenues of the specific ownership tax on certain motor vehicles and other personal property imposed by the State pursuant to Article 3 of Title 42, C.R.S., that is allocable to the school district. Specific ownership taxes are collected on property within each county by the county treasurer, and the total amount of specific ownership taxes collected by the county treasurer is apportioned among all taxing entities within the county on the basis of the amount of ad valorem property taxes levied by such entities within the county during the preceding calendar year.

The difference between the Total Program and the amount generated from the school district’s mill levy is required to be paid by the State. The State legislature is required to make annual appropriations to fund the State’s share of the Total Program of all school districts. The availability of

State funds to the school district may be affected by actions of the legislature and by the cash position of the State itself. In the event the State's appropriation for its share of the Total Program of all school districts is not sufficient to fund fully the State's share, the State Department of Education is required to submit a request for a supplemental appropriation in an amount which will fund fully the State's share during the Fiscal Year in which such insufficiency occurs. If a supplemental appropriation is not made, a percentage reduction in State aid to all school districts receiving State aid is to be made in funding categories not mandated by the State constitution. Such reductions, or "rescissions," occurred in Fiscal Years 2001-02, 2002-03, 2008-09 and 2009-10. See also "Amendment 23" above.

Override Revenues

The other source of Taxes pledged to the repayment of Program Loans is "override revenues" received by the Participating District. If a school district or its electorate desires to spend property tax revenues in excess of the amount authorized to fund its share of the Total Program, the school district may, or upon receipt of a valid initiative petition is required to, seek voter approval to raise and spend additional, or "override," property tax revenues. Override revenues are currently permitted for excess transportation costs, special building and technology fund, excess costs related to a full-day kindergarten program and for school districts that obtained voter approval for override revenues in 2009 or thereafter, for capital construction projects. Override revenues are also permitted for a school district whose Fiscal Year 1994-95 actual Total Program exceeded its funding formula calculation for that Fiscal Year (a "hold harmless" district). A school district's override revenues are generally limited to the greater of \$200,000 or 20% of its Total Program for the budget year in which the election at which the 20% limitation was reached, plus an amount equal to the maximum dollar amount of property tax revenue that the school district could have generated for Fiscal Year 2001-02 in a cost of living adjustment election pursuant to Section 22-54-107.5, C.R.S. In addition, pursuant to SB 09-256, for any school district that obtains voter approval in 2009 and thereafter to raise and spend additional or "override" property tax revenues the foregoing limitation was changed to the greater of \$200,000 or 25% of the school district's Total Program plus an amount equal to the maximum dollar amount of property tax revenue that the school district could have generated for Fiscal Year 2001-02 in a cost of living adjustment election pursuant to Section 22-54-107.5, C.R.S. Override revenues are derived entirely from increased property taxes, and do not affect the amount of State funding that the school district is otherwise eligible to receive under the School Finance Act.

Ad Valorem Property Taxation Procedure

Property Subject to Taxation. Subject to the limitations discussed in "Taxpayer's Bill of Rights" below, the Board of Education of each school district has the power to certify to each county in which the school district is located a levy for collection of ad valorem taxes against all taxable property within the school district.

Property taxes are uniformly levied against the assessed valuation of all taxable property within the boundaries of the school district. Both real and personal property are subject to taxation unless exempt. Exempt property includes, without limitation: property of the United States of America; property of the State and its political subdivisions; public libraries; public school property; charitable property; religious property; nonprofit cemeteries; irrigation ditches, canals, and flumes used exclusively to irrigate the owner's land; household furnishings and personal effects not used to produce income; intangible personal property; and inventories of merchandise and materials and supplies that are held for consumption by a business or are held primarily for sale; livestock; agricultural and livestock products; and works of art, literary materials and artifacts on loan to a political subdivision, gallery or museum operated by a charitable organization. The State Board of Equalization supervises the administration of all laws concerning the valuation and assessment of taxable property and the levying of property taxes.

Determination of Actual Value. Each county assessor in the State annually conducts appraisals in order to determine, on the basis of statutorily specified approaches, the statutory “actual” value of all taxable property within the county as of January 1st. The statutory actual value of a property is not intended to represent current market value, but, with certain exceptions, is determined by the county assessor utilizing a “level of value” ascertained for each two-year reassessment cycle from manuals and associated data published by the State Property Tax Administrator for the statutorily-defined period preceding the assessment date. The statutory actual value is based on the “level of value” for the period one and one-half years immediately prior to the July 1st preceding the beginning of the two-year reassessment cycle (adjusted to the final day of the data-gathering period). The one and one-half year period used to determine the level of value advances two years with the start of each reassessment cycle. The following table sets forth the State property appraisal system for property tax levy years 1999 through 2010:

<u>Levy Years</u>	<u>Tax Collection Years</u>	<u>Value Calculated as of July 1</u>	<u>Based on the Market Period</u>
1999 and 2000	2000 and 2001	1998	Jan. 1, 1997 to June 30, 1998
2001 and 2002	2002 and 2003	2000	Jan. 1, 1999 to June 30, 2000
2003 and 2004	2004 and 2005	2002	Jan. 1, 2001 to June 30, 2002
2005 and 2006	2006 and 2007	2004	Jan. 1, 2003 to June 30, 2004
2007 and 2008	2008 and 2009	2006	Jan. 1, 2005 to June 30, 2006
2009 and 2010	2010 and 2011	2008	Jan. 1, 2007 to June 30, 2008

Oil and gas leaseholds and lands, producing mines and other lands producing nonmetallic minerals are valued based on production levels rather than by the base year method. Public utilities are valued by the State Property Tax Administrator based upon the value of the utility’s tangible property and intangibles (subject to certain statutory adjustments), gross and net operating revenues and the average market value of its outstanding securities during the prior calendar year.

Determination of Assessed Value. Assessed valuation, which represents the value upon which ad valorem property taxes are levied, is calculated by the county assessor as a percentage of statutory actual value. To avoid extraordinary increases in residential real property taxes when the base year level of value is changed, the State Constitution requires the State legislature to adjust the ratio of valuation for assessment of residential property for each year in which a change in the base year level of value occurs based on an estimated target percentage. This adjustment is mandated in order to maintain the same percentage of the aggregate statewide valuation for assessment attributable to residential property that existed in the previous year. The State Constitution also prohibits any valuation for assessment ratio increase for a property class without prior voter approval. See “Taxpayer’s Bill of Rights” below.

The following table sets forth the ratios of valuation for assessment for residential property since the 1999 levy year:

<u>Levy Years</u>	<u>Tax Collection Years</u>	<u>Residential Property Assessment Ratio¹</u>
1999 – 2000	2000 – 2001	9.74%
2001 – 2002	2002 – 2003	9.15
2003 – 2010	2004 – 2011	7.96

¹ Reflects the percentage of statutory actual value at which residential real property is required to be assessed as described above.

All other taxable property, with certain exceptions, is assessed at 29% of statutory actual value. Vacant land (other than agricultural land), which includes land upon which no buildings, structures or fixtures are located, but may include land with site improvements, is also assessed at 29% of statutory actual value. Producing oil and gas property is generally assessed at 87.5% of statutory actual value.

Protests, Appeals, Abatements and Refunds. Property owners are notified of the valuation of their land or improvements, or taxable personal property and certain other information related to the amount of property taxes levied, in accordance with certain statutory deadlines. Property owners are given the opportunity to object to increases in the actual value of such property, and may petition for a hearing thereon before the county's board of equalization. Upon the conclusion of such hearings, the county assessor is required to complete the assessment roll of all taxable property and, no later than August 25th each year, prepare an abstract of assessment therefrom. The abstract of assessment and certain other required information is reviewed by the State Property Tax Administrator prior to October 15th of each year and, if necessary, the State Board of Equalization may order the county assessor to correct assessments. The valuation of property is subject to further review during various stages of the assessment process at the request of the property owner, by the State Board of Assessment Appeals, the State courts or by arbitrators appointed by the applicable board of county commissioners. On the report of an erroneous assessment, an abatement or refund must be authorized by the board of county commissioners; however, in no case will an abatement or refund of taxes be made unless a petition for abatement or refund is filed within two years after January 1st of the year in which the taxes were levied. Refunds or abatements of taxes are prorated among all taxing entities that levied a tax against the property.

Statewide Review. The State legislature is required to cause a valuation for assessment study to be conducted each year in order to ascertain whether or not county assessors statewide have complied with constitutional and statutory provisions in determining statutory actual values and assessed valuations for that year. The final study, including findings and conclusions, must be submitted to the legislature and the State Board of Equalization by September 15th of the year in which the study is conducted. Subsequently, the State Board of Equalization may order a county to conduct reappraisals and revaluations during the following property tax levy year. A school district's assessed valuation may be subject to modification following any such annual assessment study.

Homestead Exemption. The State Constitution provides to qualified senior citizens and qualified disabled veterans a property tax exemption equal to 50% of the first \$200,000 of the actual value of owner-occupied residential real property. In order to qualify for the senior citizen exemption, the owner or his or her spouse must be at least 65 years of age and have occupied the residence for at least ten years, and in order to qualify for the disabled veteran exemption, the veteran must be rated 100% permanently disabled by the federal government. The State is required to reimburse all local governments for the reduction in property tax revenue resulting from this exemption, and therefore the exemption does not result in a loss of revenue to school districts. The homestead exemption for qualified senior citizens was suspended by SB 10-190 for property tax collection years 2011 and 2012 as part of a State budget balancing package. See "APPENDIX C – THE STATE GENERAL FUND – Revenue Estimation – Budgetary Reduction Measures for Fiscal Year 2010-11."

Taxation Procedure. The county assessor is required to certify to the school district the assessed valuation of property within the school district no later than August 25th of each year, which amount is subject to adjustment until December 10th of such year. Subject to the limitations of the State Constitution, based upon the valuation certified by the county assessor, the Board of Education computes a rate of levy that, when levied upon every dollar of the valuation for assessment of taxable property within the school district, and together with other legally available school district revenues, will raise the amount required by the school district in its upcoming Fiscal Year. The school district subsequently certifies to the applicable county or counties the rate of levy sufficient to produce the needed funds. Such certification must be made no later than December 15th of the property tax levy year for collection of taxes in the ensuing year.

The board of county commissioners is required to certify to the county assessor the levy for all taxing entities within the county by December 22nd of each year. If such certification is not made, it is the

duty of the county assessor to extend the levies of the previous year. Further revisions to the assessed valuation of property may occur prior to the final step in the taxing procedure, which is the delivery by the county assessor of the tax list and warrant to the county treasurer.

Property Tax Collections. Property taxes levied in one year are collected in the succeeding year. Thus, taxes levied in 2010 will be collected in 2011. Taxes are due on January 1st in the year of collection; however, they may be paid in either a single payment (not later than the last day of April) or in two equal installments (not later than the last day of February and June 15th) without interest or penalty. Interest accrues on unpaid first installments at the rate of 1% per month from March 1st until the date of payment unless the whole amount is paid by April 30th. If the second installment is not paid by June 15th, the unpaid installment will bear interest at the rate of 1% per month from June 16th until the date of payment. Notwithstanding the foregoing, if the full amount of taxes is to be paid in a single payment after the last day of April and is not so paid, the unpaid taxes will bear penalty interest at the rate of 1% per month accruing from the first day of May until the date of payment. The county treasurer collects current and delinquent property taxes, as well as any interest or penalty, and after deducting a statutory fee for such collection, remits the balance to the school district on a monthly basis, with an additional mid-month payment in March, May and June.

All taxes levied on property, together with interest thereon and penalties for default, and other costs of collection with respect to such taxes as have become delinquent, constitute a perpetual lien on and against the property taxed from January 1st of the property tax levy year until paid. Once a tax lien attaches, it has priority over all other liens, even those created prior in time (except for certain federal liens) such as a deed of trust or mortgage on the property. Thus, while a foreclosure will extinguish liens junior to the lien being foreclosed, it will not extinguish an existing tax lien. The lien would have to be paid as part of the foreclosure process in order to obtain clear title to the property. It is the county treasurer's duty to enforce the collection of delinquent real property taxes by tax sale of the tax lien on such realty, but no lien can be filed or other collection procedures begun more than six years after the date the taxes become due. Delinquent personal property taxes are enforceable by court action, employment of a collection agency or distraint, seizure and sale of the property. Tax sales of tax liens on realty are held on or before the second Monday in December of the collection year, preceded by a notice of delinquency to the taxpayer and a minimum of four weeks of public notice of the impending public sale. The State Treasurer will issue a certificate of purchase to the successful bidder at the sale, but a deed on the property cannot be issued until at least three years after the sale. Sales of personal property may be held at any time after October 1st of the collection year following notice of delinquency and public notice of sale.

Tax liens may not be sold for less than the aggregate amount of all due taxes, delinquent interest and fees. If no bid to settle the full value of the tax lien is offered, the county treasurer removes the property from the tax rolls and strikes off the tax lien to the county until the county sells the lien or it is redeemed by the original tax debtor. When any real property has been stricken off to the county and there has been no subsequent purchase, the taxes on such property may be determined to be uncollectible after a period of six years from the date of becoming delinquent and they may be canceled by the county after that time. Therefore, to the extent that a tax lien is not successfully sold at an auction or the county cancels the uncollectible taxes, the proceeds of tax liens sold may not necessarily be sufficient to produce the amount required with respect to property taxes levied by the school district and property taxes levied by overlapping taxing authorities, as well as any interest or costs due thereon.

Taxpayer's Bill of Rights

Article X, Section 20 of the Colorado Constitution limits the ability of the State and its local governments, such as school districts, to increase revenues, debt and spending and restricts property, income and other taxes. Generally, TABOR limits most percentage increases in spending and property

tax revenues to the prior year's amounts, adjusted for inflation, local growth and voter approved changes. Local growth for school districts is defined as the percentage change in student enrollment. Any revenue received during a Fiscal Year in excess of the limitations provided for in TABOR must be refunded to the taxpayers during the next Fiscal Year unless voters approve a revenue change as an offset. TABOR also requires that school districts obtain voter approval for certain tax or tax rate increases and to create any "multiple fiscal year direct or indirect ... debt or other financial obligation," except for refinancing debt at a lower interest rate or adding new employees to existing pension plans. Voter approval under TABOR is not required for the issuance of the District Notes as they are both issued and payable within the same Fiscal Year and as such do not constitute a "multiple fiscal year direct or indirect ... debt or other financial obligation" within the meaning of TABOR. TABOR also requires school districts to establish and maintain an emergency reserve equal to 3% of fiscal year spending (as defined in TABOR) excluding bonded debt service.

Many of the provisions of TABOR are ambiguous. Several lawsuits have been filed regarding TABOR, and some of its provisions have been judicially interpreted. Future litigation regarding TABOR could raise questions that bear upon the operations and financial condition of school districts. See also "STATE FINANCIAL INFORMATION – Taxpayer's Bill of Rights."

Budgets

School districts are required by State law to annually formulate a budget and to hold a public hearing thereon prior to the determination of the amounts to be financed in whole or in part by ad valorem property taxes, funds on hand or estimated revenues from other sources.

No later than 30 days prior to the beginning of each Fiscal Year, the administrators of the school district are required to present the proposed budget to the Board of Education. After conducting a public hearing on the budget proposals, at which time any person paying school taxes in the school district has an opportunity to be heard, the Board of Education is required to adopt a final budget for the succeeding Fiscal Year by resolution specifying the amount of money appropriated to each fund. Beginning in 2009, the Board of Education is required to file the adopted budget with the State Department of Education on or before January 31 of each year. By December 15th, the Board of Education is to certify to the applicable board of county commissioners the amounts necessary to be raised from levies against the assessed valuation of all taxable property located within the school district to defray expenditures therefrom during the next ensuing Fiscal Year. The Board of Education may not expend moneys in excess of the amount appropriated by resolution for a particular fund.

The annual budget for all expenditures and estimated revenues prepared by the Board of Education becomes the financial operating plan for the school district after adoption by the Board of Education. The budget may be revised from time to time after following steps required by Board of Education policy and State law.

Financial Statements

An annual audit of the school district's financial affairs is required by State law to be submitted to the Board of Education within five months after the close of the Fiscal Year and filed with the State Auditor and the State Commissioner of Education within 30 days after receipt thereof by the school district. Failure to file an audit report may result in the withholding of moneys of the school district by the applicable county treasurers until the audit report is filed with the State Auditor.

Due to the number of Participating Districts, the audited financial statements of the Participating Districts are not presented in this Official Statement; however, such financial statements are available upon request as provided in "INTRODUCTION – Additional Information" and "MISCELLANEOUS."

Summary Financial Information Regarding the Participating Districts

The following table sets forth certain financial information concerning the Participating Districts. The Participating District expected to borrow the largest percentage of available proceeds of the Series 2010B Notes is Denver School District No. 1.

Participating District Financial Information (Totals may not add due to rounding)

Participating District	Estimated Amount of Program Loans ¹		Actual and Estimated Fiscal Year 2010-11 Tax Information				Fiscal Year 2009-10 Loan Information ⁵	
	Series 2010B Notes	% of Total	Assessed Valuation (000s) ²	Estimated Tax Collections ³	Ratio of Amount Borrowed to Estimated 2010 Tax Collections	3 Year Average ⁴	Amount Borrowed	Repayment Date (2010)
Adams 14	\$ 2,648,039	0.81%	\$ 562,616	\$ 17,290,005	15.32%	98.54%	\$ 3,500,000	March 11
Adams-Arapahoe 28J (Aurora)	17,140,866	5.26	1,764,078	62,286,691	27.52	99.51	17,561,675	March 25
Boulder Valley RE-2	52,081,431	16.00	4,861,085	170,260,817	30.59	99.52	61,403,305	May 11
Cherry Creek 5	61,691,499	18.95	4,719,616	168,077,289	36.70	98.23	68,271,355	May 11
Colorado Springs 11	16,700,485	5.13	2,496,211	80,778,525	20.67	98.97	14,998,687	March 11
Cripple Creek RE-1	925,665	0.28	230,549	3,029,335	30.56	100.00	1,401,342	May 11
Custer County C-1	619,128	0.19	93,080	1,706,168	36.29	96.63	729,216	May 11
Denver 1	60,473,360	18.57	11,227,458	303,473,684	19.93	97.90	120,500,000	May 11
Douglas County RE-1	49,330,497	15.15	4,951,337	145,410,721	33.92	97.29	68,666,001	May 11
Durango 9-R	738,250	0.23	1,623,639	17,046,909	4.33	98.35	5,337,625	May 11
Eagle County RE-50	20,391,539	6.26	3,286,765	40,468,951	50.39	98.88	19,247,000	May 11
East Grand 2	1,414,730	0.43	708,789	8,747,765	16.17	98.96	1,856,628	March 11
Gilcrest RE-1	197,091	0.06	661,363	6,074,879	3.24	92.00	3,531,679	May 11
Gunnison Watershed Re-1J	2,362,591	0.73	723,599	10,819,767	21.84	99.54	5,307,293	May 11
Hayden RE-1	1,485,406	0.46	103,223	2,818,284	52.71	98.82	1,627,313	May 25
Littleton 6	9,879,094	3.03	1,329,162	58,464,172	16.90	99.31	5,828,465	March 11
Mesa County Valley No. 51	6,883,557	2.11	2,084,745	52,878,954	13.02	98.68	--	--
Park R-3 (Estes Park)	944,359	0.29	366,754	8,092,409	11.67	98.13	1,432,739	March 11
Roaring Fork RE-1	10,208,122	3.14	1,414,097	30,651,485	33.30	100.61	14,387,982	May 11
Sierra Grande RE-30	418,560	0.13	64,850	1,278,199	32.75	97.33	474,839	April 12
South Routt RE-3	1,539,159	0.47	161,130	4,054,453	37.96	99.00	2,032,195	May 11
Summit County Re-1	1,835,999	0.56	1,930,434	23,425,676	7.84	99.66	2,057,663	March 11
Weld RE-4 (Windsor)	5,166,875	1.59	478,165	14,448,821	35.76	98.60	4,468,163	May 11
West Grand 1-JT	490,030	0.15	285,340	2,737,383	17.90	99.00	148,013	May 11
	\$325,566,332	100.00%						

¹ These amounts are estimates based upon predictions provided by the Participating Districts regarding the amounts expected to be borrowed from the Series 2010B Note proceeds. Such amounts do not necessarily represent the actual Maximum Principal Amount that will be borrowed from the Loan Program by such Participating Districts. See "THE LOAN PROGRAM; APPLICATION OF SERIES 2010B NOTES PROCEEDS." The Owners of the Series 2010B Notes will have a lien upon the Taxes of these Participating Districts, as well as on the Taxes of any Participating Districts that have not yet expressed the intent to participate in the Series 2010B Notes program (and thus are not included in the table) but eventually do participate in the program. Such lien also will be on parity with the lien thereon of the Owners of any Parity Lien Notes. See also "THE SERIES 2010B NOTES – Parity Lien Notes." The Series 2010B Notes are the first notes issued for the Fiscal Year 2010-11 Loan Program. The Education Loan Program Tax and Revenue Anticipation Notes, Series 2010A, were issued in January of 2010 as part of the Fiscal Year 2009-10 Loan Program and have been paid by the State.

² Preliminary certified assessed valuation amounts for the 2010 levy year (2011 tax collection year). Final assessed valuation amounts are to be certified by December 10, 2010. The estimated amounts have been provided by the State Department of Education based upon information furnished by the Participating Districts and the applicable county assessors, and other factors. Such amounts are estimates only, and material differences could occur between these estimates and the final assessed valuations certified by the county assessors. See "SOURCE OF PAYMENT OF PROGRAM LOANS – Ad Valorem Property Taxation Procedure – Taxation Procedure" above.

³ This amount was calculated by multiplying the 2010 preliminary assessed value of the Participating District by the Participating District's estimated 2010 general fund mill levy; and assumes collections of 100% of taxes to be collected by all Participating Districts normally during the months of March through June 2011. Mill levies for 2011 tax collections are not required to be certified by the Participating Districts until December 15, 2010. The estimated mill levies used to calculate the estimated Taxes to be collected during Fiscal Year 2010-11 are based upon information provided by the State Department of Education and are subject to change; however, because Colorado school district taxes are determined pursuant to the School Finance Act, such changes, if any, are not expected to be material. See "State Equalization Funding of School Districts" above.

⁴ Based on each Participating District's actual collection data for Fiscal Years 2006-07, 2007-08 and 2008-09.

⁵ State Treasurer's actual borrowing and repayment dates for Fiscal Year 2009-10.

Sources: The Participating Districts, the State Department of Education and the State Treasurer's Office

Major Taxpayers

Taxes consist of only those revenues that are received by the Participating Districts during the period of March through June 2011. Typically, taxing entities do not collect 100% of the taxes levied each year; however, the property tax collection rate among the Participating Districts historically has been very high as shown in the previous table.

Receipt of Taxes by the Participating Districts requires timely payment of ad valorem property taxes by property owners. Participating Districts having one or more large taxpayers are particularly dependent upon the timely payment of property taxes by such taxpayers. Taxpayers owning more than 10% of the property comprising the certified assessed valuation of a Participating District typically are public or private companies involved in the mining or drilling industries or in the production of power. Property tax payments by such taxpayers could be impacted not only by each taxpayer's individual financial condition but also by events that negatively impact the energy production industry as a whole. It is not possible to predict whether any such events will occur that will have a material impact upon the repayment of the Program Loans.

THE STATE

General Profile

Colorado became the 38th state of the United States of America when it was admitted to the union in 1876. Its borders encompass 104,247 square miles of the high plains and the Rocky Mountains, with elevations ranging from 3,315 to 14,431 feet above sea level. The current population of the State is approximately five million. The State's major economic sectors include agriculture, manufacturing, technology, tourism, energy production and mining. Considerable economic activity is generated in support of these sectors by government, wholesale and retail trade, transportation, communications, public utilities, finance, insurance, real estate and other services. See also "APPENDIX A – STATE OF COLORADO COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2009, AND STATE OF COLORADO UNAUDITED BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2010" and "APPENDIX B – CERTAIN STATE ECONOMIC AND DEMOGRAPHIC INFORMATION" for additional information about the State.

Organization

The State maintains a separation of powers utilizing three branches of government: executive, legislative and judicial. The executive branch comprises four major elected officials: the Governor, State Treasurer, Attorney General and Secretary of State. The chief executive power is allocated to the Governor, who has responsibility for administering the budget and managing the executive branch. The State Constitution empowers the State legislature, known as the General Assembly, to establish up to 20 principal departments in the executive branch. Most departments of the State report directly to the Governor; however, the Departments of Treasury, Law and State report to their respective elected officials, and the State Department of Education reports to the elected State Board of Education. The elected officials serve four year terms. The current term of such officials expires on the second Tuesday in January, 2011, and each office was subject to a general election in November 2010. No elected executive official may serve more than two consecutive terms in the same office. A new Governor, State Treasurer and Secretary of State were elected at the November 2010 general election.

The General Assembly is bicameral, consisting of the 35-member Senate and 65-member House of Representatives. Senators serve a term of four years and representatives serve a term of two years. No

senator may serve more than two consecutive terms, and no representative may serve more than four consecutive terms. The State Constitution allocates to the General Assembly legislative responsibility for, among other things, appropriating State moneys to pay the expenses of State government. The General Assembly meets annually in regular session beginning no later than the second Wednesday of January of each year. Regular sessions may not exceed 120 calendar days. Special sessions may be convened by proclamation of the Governor or by written request of two-thirds of the members of each house to consider only those subjects for which the special session is requested.

STATE FINANCIAL INFORMATION

The information in this section, “SELECTED STATE FUNDS ELIGIBLE FOR INVESTMENT IN DISTRICT NOTES IN THE EVENT OF A DEFAULT IN THE REPAYMENT OF PROGRAM LOANS” and “APPENDIX C – THE STATE GENERAL FUND” describes general State finances and particularly funds that are eligible for investment in the District Notes. On the Closing Date, the State Treasurer is required to deposit to the Interest Subaccount of the Series 2010 Notes Repayment Account, from Current General Fund Revenues then available, an amount equal to the interest to accrue on the Series 2010B Notes from the Closing Date to the Series 2010B Notes Maturity Date. The State Resolution also requires the State Treasurer to credit to the Principal Subaccount of the Series 2010 Notes Repayment Account all amounts received from the Participating Districts on or before June 27, 2011, in repayment of their Program Loans. *Prospective investors are advised that in the event the amounts received by the State Treasurer from Participating Districts as repayment of their Program Loans on or before June 27, 2011, together with investment earnings thereon, is insufficient to pay the principal of the Series 2010B Notes when due, the principal of the Series 2010B Notes will be payable solely from funds on hand or in the custody or possession of the State Treasurer and eligible for investment in the District Notes. The Series 2010B Notes are not general obligations of the State. See also “THE SERIES 2010B NOTES – Security and Sources of Payment – The Series 2010 Notes Repayment Account.”*

The State Treasurer

The State Constitution provides that the State Treasurer is to be the custodian of public funds in the State Treasurer’s care, subject to legislative direction concerning safekeeping and management of such funds. The State Treasurer is the head of the statutorily created Department of the Treasury (the “State Treasury”), which receives all State moneys collected by or otherwise coming into the hands of any officer, department, institution or agency of the State, except certain institutions of higher education. The State Treasurer deposits and disburses those moneys in the manner prescribed by law. Every officer, department, institution and agency of the State, except for certain institutions of higher education, charged with the responsibility of collecting taxes, licenses, fees and permits imposed by law and of collecting or accepting tuition, rentals, receipts from the sale of property and other moneys accruing to the State from any source is required to transmit those moneys to the State Treasury under procedures prescribed by law or by fiscal rules promulgated by the Office of the State Controller. The State Treasurer and the State Controller may authorize any department, institution or agency collecting or receiving State moneys to deposit such moneys to a depository to the State Treasurer’s credit in lieu of transmitting such moneys to the State Treasury.

The State Treasurer has discretion to invest in a broad range of interest bearing securities described by statute. See “Investment and Deposit of State Funds” below and “APPENDIX C – THE STATE GENERAL FUND – Investment of the State Pool.” All interest derived from the deposit and investment of State moneys must be credited to the General Fund unless otherwise expressly provided by law.

Taxpayer's Bill of Rights

As discussed in "SOURCE OF PAYMENT OF PROGRAM LOANS – Taxpayer's Bill of Rights," TABOR (defined below) imposes various fiscal limits and requirements on the State and local Colorado governments.

The Constitutional Provision. Article X, Section 20 of the State Constitution, commonly known as the Taxpayer's Bill of Rights, or "TABOR," imposes various fiscal limits and requirements on the State and its local governments. Overall, TABOR is a limitation on the amount of revenue that may be kept by the State in any particular year, regardless of whether that revenue is spent during the year. Any revenue received during a Fiscal Year in excess of the limitations provided for in TABOR must be refunded to the taxpayers during the next Fiscal Year. TABOR implements these revenue limitations through certain restrictions and limitations on spending, including the following:

(a) Prior voter approval is required for: (i) any increase in State "fiscal year spending" from one year to the next in excess of the percentage change in the U.S. Bureau of Labor Statistics Consumer Price Index for Denver, Boulder and Greeley, all items, all urban consumers, or its successor index, plus the percentage change in State population in the prior calendar year, adjusted for revenue changes approved by voters after 1991; and (ii) any new State tax, State tax rate increase, extension of an expiring State tax, State tax policy change directly causing a net revenue gain to the State or the creation of any State "multiple fiscal year direct or indirect ... debt or other financial obligation." "Fiscal year spending" is defined as all expenditures and reserve increases except those for refunds made in the current or next Fiscal Year or those from gifts, federal funds, collections for another government, pension contributions by employees and pension fund earnings, reserve transfers or expenditures, damage awards or property tax sales. This effectively defines spending as all revenues received by the State other than those items that are specifically excluded.

(b) If revenues received from sources not excluded from fiscal year spending exceed the prior Fiscal Year's spending plus the adjustment described in clause (a)(i) above, the excess must be refunded in the next Fiscal Year unless voters approve a revenue change.

(c) Under TABOR, the State must maintain an emergency reserve equal to 3% of its fiscal year spending (the "TABOR Reserve"). The TABOR Reserve may be expended only upon: (i) the declaration of a State emergency by passage of a joint resolution approved by a two-thirds majority of the members of both houses of the General Assembly and subsequently approved by the Governor; or (ii) the declaration of a disaster emergency by the Governor. The Long Appropriation Bill (the "Long Bill") designates resources that constitute the TABOR Reserve. For Fiscal Year 2010-11, the TABOR Reserve will be comprised of portions of the Major Medical Insurance Fund (\$94.0 million) and the Wildlife Cash Fund (\$100.0 million), as well as certain State properties, as designated by the Governor, equaling \$70.7 million.

Statutes Implementing TABOR. A number of statutes implementing TABOR have been enacted by the General Assembly, including those that (i) define the revenues and spending included in the State's fiscal year revenue and spending for purposes of the revenue and spending limits of TABOR, (ii) specify the accounting treatment of refunds owed by the State under TABOR and (iii) define State operations that qualify as "enterprises" excluded from TABOR.

The "Ratchet Down" Effect of TABOR on State Revenues; Curative Measures. As discussed above, TABOR limits year-to-year increases in revenues, and therefore spending, to the percentage change in the U.S. Bureau of Labor Statistics Consumer Price Index for Denver, Boulder and Greeley, all items, all urban consumers, or its successor index, plus the percentage change in State population in the

prior calendar year, plus any voter approved revenue (*i.e.*, tax) increase. There are no provisions in TABOR to account for cyclical revenue swings. This originally produced a “ratchet down” effect whenever State revenues declined from one Fiscal Year to the next and then rebounded in subsequent years. The ratcheting down occurred as the result of the TABOR requirements that the State’s revenue base be reduced to the lower amount, without limitation, but that the State’s revenue base may be increased only to the extent of the limitations stated above, with any excess to be refunded. Such a ratcheting down occurred between Fiscal Years 2000-01 and 2002-03, when TABOR revenues declined by 13.1%, followed by an increase of 8.0% in Fiscal Year 2003-04.

Legislation enacted during the 2002 legislative session, described in “*The Growth Dividend*” below, mitigated the “ratcheting down” effect of TABOR through the decennial census adjustment. Referendum C, a statutory provision approved by the State’s voters on November 1, 2005, and described in “*Colorado Economic Recovery Act of 2005*” below, eliminated the “ratcheting down” of revenue available for expenditure by creating a new Excess State Revenue Cap and allowing the State to retain and spend revenue up to the new Excess Revenue Cap (as adjusted) which new cap never ratchets down. See “*Colorado Economic Recovery Act of 2005*” below describing Referendum C. Revenue collected above the Excess State Revenue Cap (as adjusted) must be refunded to the taxpayers in the next Fiscal Year.

The “Growth Dividend.” House Bill (“HB”) 02-1310 and SB 02-179 enabled the State to recoup refunds previously paid as the result of the TABOR limits having been computed during the 1990s using population estimates that were too low when compared to the 2000 census figure. This undercount resulted in lower TABOR limits and higher refunds than would have occurred using more accurate population figures. The percentage by which population was underestimated and the process for recovering the related excess refunds was called the “growth dividend.” Such legislation allowed the State to recoup the prior decade’s excess refunds by cumulatively increasing the spending limit in the current decade up to the growth dividend percentage over a period not to exceed nine years. The growth dividend was completely used before the expiration of the nine-year period through the elimination of the TABOR surplus in Fiscal Year 2003-04 and reduction of the TABOR surplus in Fiscal Year 2004-05. The adjustment allowed the State to keep \$283.3 million in additional revenue in Fiscal Year 2003-04 and \$187.2 million in Fiscal Year 2004-05.

In the event the 2010 census reflects an undercounting of population figures during the relevant period, the same growth dividend mechanics for recouping excess refunds would be applicable.

Colorado Economic Recovery Act of 2005. During the 2005 legislative session, the General Assembly and the Governor agreed to four pieces of legislation that mitigated the effects of TABOR in an effort to relieve State budget challenges. Three of these measures, collectively referred to herein as “The Colorado Economic Recovery Act of 2005,” were designed primarily to provide additional revenues for State operations, as well as addressing the methodology for the allocation of additional revenues by subsequent appropriation. Implementation of two measures included in the Colorado Economic Recovery Act of 2005 required Statewide voter approval, and on November 1, 2005, one of these measures, referred to as “Referendum C,” was approved by State voters and later codified as Sections 24-77-103.6 and 24-77-106.5, C.R.S.

Referendum C permitted the State to retain and appropriate State revenues in excess of the then-current TABOR limit on State spending for the period of July 1, 2005, through June 30, 2010 (Fiscal Years 2005-06 through 2009-10), thus making all revenues received by the State during this period available for appropriation. Referendum C did not, however, eliminate the 6% limit on the annual growth of total appropriations from the General Fund. The 6% limit was eliminated for Fiscal Year 2009-10 and thereafter by SB 09-228. See “Budget Process and Other Considerations – *Expenditures; The Balanced Budget and Statutory Spending Limitation*” below under this caption.

Referendum C establishes an “Excess State Revenues Cap” that serves as the new limit on State fiscal year spending beginning in Fiscal Year 2010-11. The Excess State Revenues Cap is an amount equal to the highest total State revenues for a Fiscal Year from the period of Fiscal Year 2005-06 through Fiscal Year 2009-10. Since the highest total State revenues during this period were achieved during Fiscal Year 2007-08, the State revenues in such Fiscal Year became the base year for calculating the Excess State Revenue Cap. In each subsequent Fiscal Year, the Excess State Revenues Cap is adjusted for inflation and a percentage change in State population, as well as such sum for the qualification or disqualification of enterprises. For purposes of the Excess State Revenues Cap, inflation, the percentage change in State population and the qualification or disqualification of an enterprise or debt service changes retain their meanings as they currently exist under TABOR and State law.

Referendum C also creates in the General Fund the “General Fund Exempt Account,” to consist of the moneys collected by the State in excess of the TABOR limit. Moneys in the General Fund Exempt Account, once appropriated, may be used to fund: (i) health care; (ii) public elementary, high school and higher education, including any related capital construction; (iii) retirement plans for firefighters and police officers if the General Assembly determines such funding to be necessary; and (iv) strategic transportation projects in the Colorado Department of Transportation (“CDOT”) Strategic Transportation Project Investment Program. HB 05-1350 specifies how moneys in the General Fund Exempt Account are to be appropriated or transferred under Referendum C.

Referendum C provides that, for each Fiscal Year that the State retains and spends State revenues in excess of the TABOR limit on State fiscal year spending, the Director of Research of the Colorado Legislative Council is to prepare by October 15th an excess State revenues legislative report that identifies the amount of excess State revenues retained by the State and describes how such excess State revenues have been expended. Referendum C requires that the report be published and made available on the official web site of the Colorado General Assembly. In addition, the Office of the State Controller is required to prepare a report each Fiscal Year that identifies revenues that the State is authorized to retain pursuant to Referendum C and to certify the same no later than September 1st following the end of the Fiscal Year. Accordingly, in Fiscal Years 2005-06, 2006-07 and 2007-08 the State was allowed to retain \$1.116 billion, \$1.308 billion and \$1.169 billion, respectively. State revenues did not exceed the TABOR limit in either Fiscal Year 2008-09 or Fiscal Year 2009-10. See “APPENDIX C – THE STATE GENERAL FUND – General Fund Overview.”

Effect of TABOR on the Series 2010B Notes. Voter approval under TABOR is not required for the issuance of the Series 2010B Notes as they are both issued and payable within the same Fiscal Year and as such do not constitute a “multiple fiscal year direct or indirect ... debt or other financial obligation” within the meaning of TABOR. Further, the revenue and spending limits of TABOR are not expected to affect the ability of the State to collect and spend the Pledged Revenues for the payment of the principal of and interest on the Series 2010B Notes and any Parity Lien Notes.

State Funds

The principal operating fund of the State is the General Fund. All revenues and moneys not required by the State Constitution or statutes to be credited and paid into a special fund are required to be credited and paid into the General Fund. The State also maintains a large number of statutorily created special funds for which specific revenues are designated for specific purposes, and, if necessary, are available for paying the principal of the Series 2010B Notes. Some of the Funds are considered Borrowable Resources available to pay the principal of and interest on any outstanding State General Fund Anticipation Notes, including, without limitation, the Planned State Series 2010A General Fund Notes. See “THE SERIES 2010B NOTES – Security and Sources of Payment – *The Series 2010 Notes Repayment Account*,” “SELECTED STATE FUNDS ELIGIBLE FOR INVESTMENT IN DISTRICT NOTES IN THE EVENT OF A DEFAULT IN THE REPAYMENT OF PROGRAM LOANS – Certain

Funds Eligible for Investment in the District Notes – Borrowable Resources – The State General Fund” and “APPENDIX C – THE STATE GENERAL FUND.”

Budget Process and Other Considerations

Phase I (Executive). The budget process begins in June of each year when State departments reporting to the Governor prepare both operating and capital budgets for the Fiscal Year beginning 13 months later. In August, these budgets are submitted to the OSPB, a part of the Governor’s office, for review and analysis. The OSPB advises the Governor on departmental budget requests and overall budgetary status. Budget decisions are made by the Governor following consultation with affected departments and the OSPB. Such decisions are reflected in the first budget submitted in November by the Governor for each department to the Joint Budget Committee of the General Assembly (the “JBC”), as described below. In January, the Governor makes additional budget recommendations to the JBC for the budget of all branches of the State government, except that the elected executive officials, the judicial branch and the legislative branch make recommendations to the JBC for their own budgets.

Phase II (Legislative). The JBC, consisting of three members from each house of the General Assembly, develops the legislative budget proposal embodied in the Long Bill, which is introduced in and approved by the General Assembly. Following receipt of testimony by State departments and agencies, the JBC marks up the Long Bill and directs the manner in which appropriated funds are to be spent. The Long Bill includes: (i) General Fund appropriations, supported by general purpose revenue such as taxes; (ii) General Fund Exempt appropriations primarily funded by TABOR-exempt or excess TABOR revenues retained under Referendum C; (iii) cash fund appropriations supported primarily by grants; transfers and departmental charges for services; (iv) re-appropriated amounts funded by transfers and earnings appropriated elsewhere in the Long Bill; and (v) estimates of federal funds to be expended that are not subject to legislative appropriation. The Long Bill usually is reported to the General Assembly in March or April with a narrative text. Under current practice, the Long Bill is reviewed and debated in party caucuses in each house. Amendments may be offered by each house, and the JBC generally is designated as a conference committee to reconcile differences. The Long Bill always has been adopted prior to commencement of the Fiscal Year in July. Specific bills creating new programs or amending tax policy are considered separately from the Long Bill in the legislative process. The General Assembly takes action on these specific bills, some of which include additional appropriations separate from the Long Bill. The Long Bill for Fiscal Year 2010-11 was adopted by the General Assembly on April 19, 2010.

Phase III (Executive). The Governor may approve or veto the Long Bill or any specific bills. In addition, the Governor may veto line items in the Long Bill or any other bill that contains an appropriation. The Governor’s vetoes are subject to override by a two-thirds majority of each house of the General Assembly. The Long Bill for Fiscal Year 2010-11 was approved in part and disapproved in part by the Governor on April 29, 2010. A new Governor was elected at the November 2010 election and will take office in January 2011. The new Governor could modify the Fiscal Year 2010-11 budget and balancing plans and the Fiscal Year 2011-12 budget proposal submitted by the current Governor to the JBC; however, the General Assembly retains the final approval authority over the Fiscal Year 2010-11 and 2011-12 budgets.

Phase IV (Legislative). During the Fiscal Year for which appropriations have been made, the General Assembly may increase or decrease appropriations through supplemental appropriations. Any supplemental appropriations are considered amendments to the Long Bill and are subject to the line item veto of the Governor.

Revenues and Unappropriated Amounts. For each Fiscal Year, a statutorily defined amount of unrestricted General Fund year-end balances is required to be retained as a reserve (the “Unappropriated

Reserve”), which Unappropriated Reserve may be used for possible deficiencies in General Fund revenues. Unrestricted General Fund revenues that exceed the required Unappropriated Reserve, based upon revenue estimates, are then available for appropriation. In response to economic conditions and their effect on estimated General Fund revenues, the General Assembly periodically modifies the required amount of the Unappropriated Reserve. The Unappropriated Reserve for Fiscal Year 2010-11 is designated at 4% of the amount appropriated for expenditure from the General Fund in each such Fiscal Year. See “APPENDIX C – THE STATE GENERAL FUND – General Fund Overview – Recent General Fund Financial Results – Revenue Estimation – *Revenue Shortfalls*.”

Expenditures; The Balanced Budget and Statutory Spending Limitation. The State Constitution requires that expenditures for any Fiscal Year not exceed available resources for such Fiscal Year. Total unrestricted General Fund appropriations for each Fiscal Year are limited as provided in Section 24-75-201.1, C.R.S. For the Fiscal Years discussed in this Official Statement through Fiscal Year 2008-09, total General Fund appropriations were limited to: (i) such moneys as are necessary for reappraisals of any class or classes of taxable property for property tax purposes as required by Section 39-1-105.5, C.R.S., plus (ii) the lesser of (a) an amount equal to 5% of Colorado personal income (as reported by the U.S. Bureau of Economic Analysis for the calendar year preceding the calendar year immediately preceding a given Fiscal Year) or (b) 6% over General Fund appropriations for the previous Fiscal Year. Per SB 09-228, for Fiscal Years 2009-10 and thereafter, total General Fund appropriations are limited to the sum of the amount stated in (i) above plus an amount equal to 5% of Colorado personal income.

Excluded from this appropriations limit are: (i) any General Fund appropriation that, as a result of any requirement of federal law, is made for any new program or service or for any increase in the level of service for any existing program beyond the existing level of service; (ii) any General Fund appropriation that, as a result of any requirement of a final State or federal court order, is made for any new program or service or for any increase in the level of service for an existing program beyond the existing level of service; or (iii) any General Fund appropriation of any moneys that are derived from any increase in the rate or amount of any tax or fee that is approved by a majority of the registered electors of the State voting at any general election.

The limitation on the level of General Fund appropriations also may be exceeded for a given Fiscal Year upon the declaration of a State fiscal emergency by the General Assembly, which may be declared by the passage of a joint resolution approved by a two-thirds majority vote of the members of both houses of the General Assembly and approved by the Governor.

See “Taxpayer’s Bill of Rights” above for a discussion of spending limits imposed on the State by TABOR and changes to these limits as the result of the approval of Referendum C.

Fiscal Year Spending and Emergency Reserves. Through TABOR, the State Constitution imposes restrictions on increases in fiscal year spending without voter approval and requires the State to maintain a TABOR Reserve. See “Taxpayer’s Bill of Rights” under this caption for a discussion of the effects of the State Constitution on the State’s financial operations.

Fiscal Controls and Financial Reporting

No moneys may be disbursed to pay any appropriations unless a commitment voucher has been prepared by the agency seeking payment and submitted to the central accounting system, which is managed by the Office of the State Controller, a division of the Department of Personnel & Administration. The State Controller is the head of the Office of the State Controller Office and the State Controller or his delegate has statutory responsibility for reviewing each commitment voucher submitted to determine whether the proposed expenditure is authorized by appropriation and whether the

appropriation contains sufficient funds to pay the expenditure. All payments from the State Treasury are made by warrants signed by the State Controller and countersigned by the State Treasurer, or by electronic funds transfer. The signature of the State Controller on a warrant is full authority for the State Treasurer to pay the warrant upon presentation.

The State Controller is appointed by the Executive Director of the Department of Personnel & Administration. Except for certain institutions of higher education which have elected to establish their own fiscal rules, the State Controller has statutory responsibility for coordinating all procedures for financial administration and financial control in order to integrate them into an adequate and unified system, conducting all central accounting and issuing warrants for payment of claims against the State. The State Controller prepares a comprehensive annual financial report (“CAFR”) in accordance with generally accepted accounting principles (“GAAP”) applicable to governmental entities, with certain statutory exceptions.

Basis of Accounting

For a detailed description of the State’s basis of accounting, see Note 5 to the financial statements in the State’s Fiscal Year 2008-09 CAFR appended to this Official Statement as part of Appendix A.

Basis of Presentation of Financial Results and Estimates

The financial reports and financial schedules contained in this Official Statement are based on principles that may vary based on the requirements of the report or schedule. The cash flow schedules include all financial activity reported specifically in the General Fund on a cash basis, while the fund level financial statements and revenue estimates are primarily prepared on the modified accrual basis of accounting. Revenue estimates are prepared for those revenues that are related primarily to the general taxing powers of the State and to a lesser degree include intergovernmental transactions, charges for services and receipts from the federal government. The General Fund as defined in the financial statements includes revenues and expenditures for certain special cash receipts that are related to fees, permits and other charges rather than to the general taxing power of the State.

Financial Audits

Financial and post-performance audits of all State agencies are performed by the State Auditor (the “Auditor”) through the Auditor’s staff as assisted by independent accounting firms selected solely by the Auditor. The Auditor is an employee of the legislative branch and is appointed for a term of five years by the General Assembly based on the recommendations of the Legislative Audit Committee of the General Assembly. The present Auditor has been appointed to a term expiring on June 30, 2011. The Legislative Audit Committee is comprised of members of both houses of the General Assembly and has responsibility to direct and review audits conducted by the Auditor.

The State’s Fiscal Year 2008-09 CAFR, including the State Auditor’s Opinion thereon, and the State’s unaudited Fiscal Year 2009-10 Basic Financial Statements, are appended to this Official Statement. The CAFR for the Fiscal Year Ended June 30, 2010, is expected to be released to the public by the State and be available on or about December 31, 2010. The Office of the State Auditor, being the State’s independent auditor, has not been engaged to perform and has not performed since the date of the State Auditor’s report included herein, any procedures on the financial statements presented in the Fiscal Year 2008-09 CAFR or the Fiscal Year 2009-10 Basic Financial Statements, nor has the State Auditor performed any procedures relating to this Official Statement.

Investment and Deposit of State Funds

The State Treasurer is empowered by Articles 36 and 75 of Title 24, C.R.S., as well as other State statutes, to invest State funds in certain U.S. public and non-public fixed income securities. In making such investments, the State Treasurer is to use prudence and care to preserve the principal and to secure the maximum rate of interest consistent with safety and liquidity. The State Treasurer is also required to formulate investment policies regarding the liquidity, maturity and diversification appropriate to each Fund or pool of funds in the State Treasurer's custody available for investment. In accordance with this directive, the State Treasurer has developed standards for each portfolio to establish the asset allocation, the level of liquidity, the credit risk profile, the average maturity/duration and performance monitoring measures appropriate to the public purpose and goals of each Fund.

The State Treasurer is also authorized to deposit State funds in national or state chartered banks and savings and loan associations having a principal office in the State and designated as an eligible public depository by the State Banking Board or the State Commissioner of Financial Services, respectively. To the extent that the deposits exceed applicable federal insurance limits, they are required to be collateralized with eligible collateral (as defined by statute) having a market value at all times equal to at least 100% of the amount of the deposit that exceeds federal insurance (102% for banks).

See also Note 14 to the State's unaudited Fiscal Year 2009-10 Basic Financial Statements appended to this Official Statement as part of Appendix A and "APPENDIX C – THE STATE GENERAL FUND – Investment of the State Pool."

SELECTED STATE FUNDS ELIGIBLE FOR INVESTMENT IN DISTRICT NOTES IN THE EVENT OF A DEFAULT IN THE REPAYMENT OF PROGRAM LOANS

General

On the Closing Date, the State Treasurer is required to deposit to the Interest Subaccount of the Series 2010 Notes Repayment Account, from Current General Fund Revenues then available, an amount equal to the interest to accrue on the Series 2010B Notes from the Closing Date to the Series 2010B Notes Maturity Date. See "The State General Fund" below and "APPENDIX C – THE STATE GENERAL FUND."

The State Resolution also requires the State Treasurer to credit to the Principal Subaccount of the Series 2010 Notes Repayment Account all amounts received from the Participating Districts on or before June 27, 2011, in repayment of their Program Loans. However, if on June 28, 2011, the amount credited to the Principal Subaccount of the Series 2010 Notes Repayment Account is less than the principal amount of the Series 2010B Notes and any Parity Lien Notes, the State Resolution requires the State Treasurer to deposit the amount of the deficiency to the Principal Subaccount from any funds on hand or in the custody or possession of the State Treasurer and eligible for investment in the District Notes. The State Resolution further provides that the State Treasurer is to first utilize all other funds that are eligible for investment in the District Notes prior to the application of Current General Fund Revenues or Borrowable Resources that are eligible for investment in the District Notes. See "THE SERIES 2010B NOTES – Security and Sources of Payment – *The Series 2010 Notes Repayment Account.*"

The ability of the State Treasurer to use Current General Fund Revenues or Borrowable Resources that are eligible for investment in the District Notes to fund a deficiency in the Principal Subaccount of the Series 2010 Notes Repayment Account is subordinate to the use of such funds for payment of any general fund tax and revenue anticipation notes of the State issued during Fiscal Year 2010-11, including, without limitation, the Planned State Series 2010A General Fund Notes. See

“INVESTMENT CONSIDERATIONS – Liquidity Sources in the Event of a Default in the Repayment of Program Loans; Subordination of Certain State Funds” and “APPENDIX C – THE STATE GENERAL FUND.”

Certain Funds Eligible for Investment in the District Notes

A deficiency in the Principal Subaccount of the Series 2010 Notes Repayment Account on June 28, 2011, is required to be funded by the State Treasurer first from all other funds that are eligible for investment in the District Notes prior to the application of Current General Fund Revenues or Borrowable Resources that are eligible for investment in the District Notes. *However, such covenant does not constitute a pledge of or lien on any such funds for that purpose, and there is no limit on the availability or use of such funds for any other purpose permitted or required by law. Further, the State Treasurer has both a statutory and a fiduciary obligation to use prudence and care in investing State funds.* See “STATE FINANCIAL INFORMATION – Investment and Deposit of State Funds.”

If it becomes necessary to make a deposit to the Principal Subaccount of the Series 2010 Notes Repayment Account in order to fund a deficiency therein, the State Resolution requires the State Treasurer to take such actions as may be necessary to identify and designate the District Notes as an investment of the Funds used to make such deposit, and the Owners of the Series 2010B Notes will have no right or claim to any amounts received by the State under the District Notes after June 27, 2011. See also “INVESTMENT CONSIDERATIONS – Liquidity Sources in the Event of a Default in the Repayment of Program Loans; Subordination of Certain State Funds,” “STATE FINANCIAL INFORMATION – Investment and Deposit of State Funds” and “APPENDIX C – THE STATE GENERAL FUND.”

By constitutional or statutory provision and judicial decision, certain State Funds, including, without limitation, the State Education Fund, the Highway Users Tax Fund, the Public School Permanent Fund and the TABOR Emergency Reserve Fund, are not Borrowable Resources although moneys therein may be eligible for investment by the State Treasurer. The two Funds in this category with the largest current balances that are eligible for investment, and thus the Funds that are likely to be considered first by the State Treasurer as an available source of investment in the District Notes in order to provide liquidity in the Principal Subaccount of the Series 2010 Notes Repayment Account in the event of a deficiency therein, are the State Education Fund and the State Highway Fund. *Prospective investors are cautioned, however, that these Funds are neither required to be utilized by the State Treasurer, nor are pledged for such purpose. The making of such investment by the State Treasurer, and the determination of the Fund or Funds, if any, to be used therefor, is in all cases subject to the application of the investment policies for the various State Funds established by statute and the State Treasurer for such Funds and the exercise of the discretion and fiduciary obligation of the State Treasurer in the investment of State funds. Accordingly, no representation or warranty is made herein that the State Treasurer will in fact utilize amounts available in these Funds, if necessary, to provide liquidity to fund a deficiency in the Principal Subaccount of the Series 2010 Notes Repayment Account.* See also “STATE FINANCIAL INFORMATION – Investment and Deposit of State Funds.”

The State Education Fund. The State Education Fund was established by Amendment 23. Amendment 23 also mandates that an amount equal to all State revenues collected from a tax of one-third of one percent on federal taxable income, as modified by law, of every individual, estate, trust and corporation, as defined by law, is to be deposited into this Fund, and that such funds are exempt from the revenue limitations of “TABOR.” See “STATE FINANCIAL INFORMATION – Taxpayer’s Bill of Rights.” The State legislature may appropriate moneys from the State Education Fund only to increase funding in preschool through 12th grade education or for purposes specifically provided in Amendment 23 as discussed in “SOURCE OF PAYMENT OF PROGRAM LOANS – State Equalization Funding – Amendment 23.” *The State Education Fund represents a shift of General Fund moneys to a restricted*

cash fund. Moneys in the State Education Fund may not be transferred to the General Fund, and consequently the State Education Fund is not a Borrowable Resource.

The following information has been provided by the State Treasurer’s office to show the actual and estimated cash and investment balances in the State Education Fund at June 30 of Fiscal Years 2005-06 through 2010-11. The June 30, 2011, estimate in the table is based on various assumptions made by the State Treasurer’s office, which are subject to uncertainties. Inevitably, some assumptions used to develop the forecasted amount will not be realized, and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the forecasted amount in the table and the amount ultimately realized, and such difference may be material. See also the inside cover of this Official Statement regarding forward-looking statements.

State of Colorado
State Education Fund
Actual and Estimated Cash and Investment Balances
(Dollar amounts expressed in millions)

At June 30,	Cash and Investment Balance
2006	\$ 98.2
2007	170.3
2008	298.9
2009	293.2
2010	147.3
2011 ¹	72.5

¹ The amount for June 30, 2011, is an estimate made by the State Treasurer’s office based on various assumptions. No representation or guaranty is made herein that such estimate will be realized.

Source: State Treasurer’s Office

The State Highway Fund. The State Highway Fund is established by Section 43-1-219, C.R.S. All receipts from the following sources are to be credited to the State Highway Fund: (i) such appropriations as may, from time to time, be made by law to the Fund from excise tax revenues; (ii) all revenues accruing to the Fund by law, by way of excise taxation from the imposition of any license, registration fee or other charge with respect to the operation of any motor vehicle upon any public highways in the State, and the proceeds from the imposition of any excise tax on gasoline or other liquid motor fuel; and (iii) certain receipts from the Limited Gaming Fund. Moneys in the State Highway Fund are to be expended for, among other things, the construction, reconstruction, repair, improvement, planning, supervision and maintenance of the State highway system and other public highways, including any county and municipal roads and highways, together with the acquisition of rights-of-way and access rights for the same; provided, however, that receipts from the Limited Gaming Fund are to be used solely for public roads and highways leading to and within a 50-mile radius of any limited gaming community (currently Black Hawk, Central City, Cripple Creek and any Indian lands where limited gaming is authorized). *The State Highway Fund represents in part a diversion of General Fund moneys to a restricted cash fund. Moneys in the State Highway Fund may not be transferred to the General Fund, and consequently the State Highway Fund is not a Borrowable Resource.*

The following information has been provided by the State Treasurer’s office to show the actual and estimated cash and investment balances in the State Highway Fund at June 30 of Fiscal Years 2005-06 through 2010-11. The June 30, 2011, estimate in the table is based on various assumptions made by the State Treasurer’s office, which are subject to uncertainties. Inevitably, some assumptions used to develop the forecasted amount will not be realized, and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the forecasted amount in the table and the

amount ultimately realized, and such difference may be material. See also the inside cover of this Official Statement regarding forward-looking statements.

State of Colorado
State Highway Fund
Actual and Estimated Cash and Investment Balances
(Dollar amounts expressed in millions)

At June 30,	Cash and Investment Balance
2006	\$ 638.1
2007	1,133.9
2008	1,388.2
2009	1,197.0
2010	1,148.3
2011 ¹	1,114.6

¹ The amount for June 30, 2011, is an estimate made by the State Treasurer’s office based on various assumptions. No representation or guaranty is made herein that such estimate will be realized.

Source: State Treasurer’s Office

Borrowable Resources

Borrowable Resources consist of over 600 funds and accounts other than the General Fund. By constitutional or statutory provision and judicial decision, certain State Funds, such as the Public School Permanent Fund, the State Education Fund, the Highway Users Tax Fund and the TABOR Emergency Reserve Fund, are not Borrowable Resources. Borrowable Resources are considered to be moneys in the State pool, and as such are invested as described in “STATE FINANCIAL INFORMATION – Investment and Deposit of State Funds” and “APPENDIX C – THE STATE GENERAL FUND – Investment of the State Pool.”

The ability of the State Treasurer to utilize Borrowable Resources to fund a deficiency in the Principal Subaccount of the Series 2010 Notes Repayment Account will depend upon the availability of funds in the State Treasury that are eligible for investment in the District Notes, and is subordinate to the use of such funds for payment of any general fund tax and revenue anticipation notes of the State issued during Fiscal Year 2010-11, including, without limitation, the Planned State Series 2010A General Fund Notes. The availability of Borrowable Resources may also be affected by the State’s statutory obligation to assure the timely payment of certain school district bonds and lease obligations pursuant to Section 22-41-110, C.R.S., commonly referred to as the “State Intercept Act.”

The following tables set forth actual Borrowable Resources for Fiscal Year 2009-10 and actual and estimated Borrowable Resources for Fiscal Year 2010-11. The estimates in the table are based on various assumptions made by the State Treasurer’s office, which are subject to uncertainties. Inevitably, some assumptions used to develop the forecasted amounts will not be realized, and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the forecasted amounts in the table and the amounts ultimately realized, and such differences may be material. See also the inside cover of this Official Statement regarding forward-looking statements.

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State of Colorado
Actual Borrowable Resources
Fiscal Year 2009-10^{1,2}

(Amounts expressed in millions; totals may not add due to rounding)

	July 2009	Aug 2009	Sept 2009	Oct 2009	Nov 2009	Dec 2009	Jan 2010	Feb 2010	Mar 2010	Apr 2010	May 2010	June 2010
State and Local Severance Tax Funds	\$ 387.0	\$ 383.1	\$ 333.7	\$ 338.7	\$ 332.5	\$ 333.6	\$ 327.0	\$ 329.0	\$ 322.5	\$ 255.2	\$ 252.2	\$ 244.9
Mineral Impact Fund	126.8	131.4	89.3	92.7	93.0	81.4	86.4	97.3	78.9	91.6	101.8	85.0
Tobacco Settlement Funds	22.3	21.1	21.1	19.1	18.2	16.7	15.2	12.4	12.0	91.1	90.3	19.6
Children's Basic Health Plan	22.5	17.3	26.9	12.1	5.5	6.9	2.4	(0.5)	0.8	(0.4)	--	0.8
Public Safety Communications	1.3	1.3	--	--	--	--	--	--	--	--	--	--
Colorado Student Obligation Bond Authority – Administration	10.5	9.3	23.7	32.6	35.7	25.4	16.1	14.0	16.6	22.1	20.0	23.2
Subsequent Injury and Major Medical Funds	--	1.8	1.8	5.6	5.5	5.3	6.7	15.5	--	--	--	--
Water Conservation Construction Fund	94.5	96.0	97.5	96.3	94.3	97.1	100.4	99.2	100.8	79.3	81.3	83.4
Capital Construction Fund	179.5	169.2	151.5	140.4	132.6	122.2	117.4	110.5	100.7	97.5	88.1	77.0
Lottery Fund	43.8	53.9	32.0	41.3	51.0	27.4	41.7	54.1	35.1	49.1	59.6	41.2
Limited Gaming Fund	43.8	3.2	6.0	9.2	13.2	16.0	20.0	24.8	29.4	34.4	39.5	44.8
Hazardous Substance Fund	10.9	11.0	10.9	11.3	11.7	12.1	12.4	12.1	11.9	12.1	12.0	11.9
Workers' Compensation Fund	23.6	25.9	26.0	18.7	22.9	20.3	15.1	26.3	8.0	3.0	2.6	--
State Public School Fund	479.6	177.6	657.8	355.4	49.9	538.1	238.5	(59.3)	427.3	468.9	175.6	23.5
Higher Education Funds	975.2	898.7	985.3	986.9	899.6	931.6	1,154.3	1,152.6	1,076.6	1,009.9	983.4	1,099.5
Tobacco Tax Funds	175.0	183.7	183.3	177.9	180.4	173.0	173.8	176.8	157.7	168.9	178.2	92.4
Other Borrowable Resources	1,293.7	1,471.2	1,334.8	1,347.0	1,337.8	1,387.9	1,392.3	1,339.7	1,383.0	1,497.4	1,639.1	684.8
Total Borrowable Resources	3,890.0	3,655.7	3,981.6	3,685.2	3,283.8	3,795.0	3,719.7	3,404.5	3,761.3	3,880.1	3,723.7	2,532.0
Total General Fund	(154.1)	(200.8)	(682.6)	(456.3)	(350.1)	(892.4)	(458.5)	(442.2)	(951.5)	(432.3)	(381.0)	45.9
Less: Notes Issued and Outstanding	(650.0)	(650.0)	(650.0)	(650.0)	(650.0)	(650.0)	(650.0)	(650.0)	(650.0)	(650.0)	(650.0)	--
Net Borrowable Resources	\$3,085.9	\$2,804.9	\$2,649.0	\$2,578.9	\$2,283.7	\$2,252.6	\$2,611.2	\$2,312.3	\$2,159.8	\$2,797.8	\$2,692.7	\$2,577.9

¹ This table shows monthly balances for 16 individual funds plus over the over 600 other funds and accounts of the State constituting Borrowable Resources. Such funds do not represent State funds with the largest fund balances and are included in this table to be consistent with the Borrowable Resources disclosures provided by the State in the last several years.

² The information in this table is presented on a cash basis, and is not directly comparable to similar information included in the State's CAFRs, which is presented on an accrual basis.

Source: State Treasurer's Office

State of Colorado
Actual and Estimated Borrowable Resources
Fiscal Year 2010-11^{1,2}

(Amounts expressed in millions; totals may not add due to rounding)

	Actual				Estimated ³							
	July 2010	Aug 2010	Sept 2010	Oct 2010	Nov 2010	Dec 2010	Jan 2011	Feb 2011	Mar 2011	Apr 2011	May 2011	June 2011
State and Local Severance Tax Funds	\$ 247.0	\$ 246.0	\$ 231.5	\$ 240.1	\$ 235.7	\$ 196.5	\$ 192.6	\$ 193.8	\$ 189.9	\$ 110.3	\$ 109.0	\$ 85.9
Mineral Impact Fund	96.2	106.2	65.6	79.3	54.6	47.8	50.7	57.1	46.3	53.7	59.7	49.9
Tobacco Settlement Funds	2.9	2.9	2.9	2.9	2.8	0.5	0.5	0.4	0.4	7.9	7.9	1.7
Children's Basic Health Plan	--	--	--	--	--	--	--	--	3.0	(1.5)	--	--
Public Safety Communications	--	--	--	--	--	--	--	--	--	--	--	--
Colorado Student Obligation Bond Authority – Administration	22.9	23.3	28.8	28.0	30.7	21.8	13.8	12.0	14.3	19.0	17.2	19.9
Subsequent Injury and Major Medical Funds	--	4.5	4.4	4.4	4.4	--	--	--	--	--	--	--
Water Conservation Construction Fund	71.0	72.5	83.4	82.1	80.4	82.8	85.6	84.6	85.9	67.6	69.3	71.1
Capital Construction Fund	74.3	78.3	76.9	72.8	68.8	63.4	60.9	57.3	32.2	31.2	28.2	24.6
Lottery Fund	49.8	55.0	37.5	47.2	58.3	31.3	47.7	61.8	40.1	56.1	68.1	47.1
Limited Gaming Fund	45.9	2.9	4.7	8.1	11.6	14.0	17.5	21.7	25.7	30.1	34.6	39.2
Hazardous Substance Fund	12.7	12.6	13.0	13.0	13.5	13.9	14.3	13.9	13.7	13.9	13.8	13.7
Workers' Compensation Fund	2.1	17.2	22.2	19.9	24.4	21.6	16.1	28.0	8.5	3.2	2.8	--
State Public School Fund	571.5	303.9	701.7	386.6	54.3	585.3	259.4	(4.5)	92.5	101.5	38.0	5.1
Higher Education Funds	948.2	1,166.9	1,286.9	1,246.3	1,136.1	1,176.5	1,457.7	1,455.6	1,359.6	1,275.3	1,241.9	1,388.5
Tobacco Tax Funds	104.1	112.0	94.7	109.0	110.5	91.0	91.4	93.0	82.9	88.8	93.7	48.6
Other Borrowable Resources	853.1	940.4	912.7	809.3	803.8	833.9	836.5	804.9	830.9	899.7	984.8	454.1
Total Borrowable Resources	3,101.7	3,144.6	3,566.9	3,149.0	2,689.5	3,180.2	3,144.6	2,879.5	2,825.9	2,756.8	2,768.9	2,249.3
Total General Fund	(745.6)	(751.6)	(1,006.7)	(826.5)	(758.9)	(1,105.4)	(727.0)	(755.6)	(1,423.5)	(882.3)	(729.2)	(502.8)
Less: Notes Issued and Outstanding	--	--	--	--	--	--	--	--	--	--	--	--
Net Borrowable Resources	\$2,356.1	\$2,393.0	\$2,560.2	\$2,322.5	\$1,930.6	\$2,074.9	\$2,417.5	\$2,123.9	\$1,402.5	\$1,874.5	\$2,039.7	\$1,746.6

¹ This table shows monthly balances for 16 individual funds plus over the over 600 other funds and accounts of the State constituting Borrowable Resources. Such funds do not represent State funds with the largest fund balances and are included in this table to be consistent with the Borrowable Resources disclosures provided by the State in the last several years.

² The information in this table is presented on a cash basis, and is not directly comparable to similar information included in the State's CAFRs, which is presented on an accrual basis.

³ Amounts for November 2010 and thereafter are estimates made by the Treasurer's office based on various assumptions. No representation or guaranty is made herein that such estimates will be realized.

Source: State Treasurer's Office

The State General Fund

The General Fund is the principal operating fund of the State. All revenues and moneys not required by the State Constitution or statutes to be credited and paid into a special fund are required to be credited and paid into the General Fund. It is presently anticipated that a deficiency in the Principal Subaccount of the Series 2010 Notes Repayment Account would be funded from Current General Fund Revenues eligible for investment in the District Notes only after all other sources of funding therefor have been utilized. In addition, the right of the State Treasurer to use Current General Fund Revenues for this purpose is subordinate to the use of such funds for payment of any general fund tax and revenue anticipation notes of the State issued during Fiscal Year 2010-11, including, without limitation, the Planned State Series 2010A General Fund Notes. See “APPENDIX C – THE STATE GENERAL FUND” for a discussion of the General Fund.

DEBT AND CERTAIN OTHER FINANCIAL OBLIGATIONS

The State, State Departments and Agencies

The State Constitution prohibits the State from incurring debt except for limited purposes, for limited periods of time and in inconsequential amounts. The State courts have defined debt to mean any obligation of the State requiring payment out of future years’ general revenues. Accordingly, the State currently has, and upon the issuance of the Series 2010B Notes will have, no outstanding general obligation debt.

The State has entered into lease-purchase agreements, including some providing security for outstanding certificates of participation, in order to finance various public projects. The obligations of the State to make lease payments beyond any current Fiscal Year are contingent upon appropriations by the General Assembly. At June 30, 2010, the minimum lease payments due under lease-purchase agreements entered into by the State were estimated to be \$64.20 million (unaudited) in Fiscal Year 2010-11 and \$80.83 million (unaudited) in Fiscal Year 2011-12. See Notes 24 and 39 to the financial statements included in the State’s CAFR for Fiscal Year 2008-09 and Notes 24 and 40 to the Fiscal Year 2009-10 Basic Financial Statements (unaudited) appended to this Official Statement as part of Appendix A for a discussion of the State’s notes and bonds payable and material subsequent events that occurred after June 30, 2009, and after June 30, 2010, but before publication of the respective financial statements. On or about December 16, 2010, the State also plans to enter into an additional annually renewable lease purchase agreement to finance K-12 schools pursuant to the State’s “Building Excellent Schools Today” program. No lease payments are expected to be due under this lease purchase agreement in Fiscal Year 2010-11.

Separate from lease-purchase agreements, the State is authorized to enter into lease or rental agreements for buildings and/or equipment. All of the lease/rental agreements for buildings and/or equipment contain a stipulation that continuation of the lease is subject to funding by the State legislature. Historically, these leases have been renewed in the normal course of business and are therefore treated as non-cancelable for financial reporting purposes. At June 30, 2010, the minimum lease/rental payments due for buildings and/or equipment for Fiscal Year 2010-11 and Fiscal Year 2011-12 were estimated to be \$87.63 million (unaudited) and \$73.91 million (unaudited), respectively. See Note 22 to the unaudited Fiscal Year 2009-10 Basic Financial Statements appended to this Official Statement as part of Appendix A.

For the purpose of financing certain qualified federal aid transportation projects in the State, CDOT issues Transportation Revenue Anticipation Notes. At June 30, 2010, CDOT had outstanding \$947.6 million (unaudited) in aggregate principal amount of such notes. These notes are payable solely

from certain federal and State funds that are allocated on an annual basis by the State Transportation Commission, in its sole discretion. The allocated funds are expected to be comprised of highway moneys paid directly to CDOT by the U.S. Department of Transportation, and appropriations of revenues from the Highway Users Tax Fund allocated by statute to CDOT.

In addition to the obligations described above, State departments and agencies, including State institutions of higher education, issue revenue bonds for business type activities, as well as bonds and/or notes for the purchase of equipment and construction of facilities and infrastructure. With the exception of the University of Colorado, whose regents are elected, the institutions of higher education are governed by boards whose members are appointed by the Governor with the consent of the State Senate. For the outstanding aggregate principal amount of such bonds as of June 30, 2010, see Notes 24 and 40 to the State's unaudited Fiscal Year 2009-10 Basic Financial Statements appended to this Official Statement as part of Appendix A.

The State Employees Pension Plan

Most State employees participate in a defined benefit pension plan, which is a cost-sharing multiple-employer benefit plan administered by the Public Employees' Retirement Association ("PERA"). The PERA Health Care Trust Fund held by PERA is a post-employment cost-sharing multiple-employer benefit program under which PERA subsidizes a portion of the monthly premium for health insurance coverage for certain State retirees and the remaining amount of the premium is funded by the benefit recipient through an automatic deduction from the monthly retirement benefit. The State has made all of the statutorily required contributions to the PERA Health Care Trust Fund. For additional information on the actuarially required contribution to the pension plan, see the Management's Discussion and Analysis and Notes 18, 19 and 20 to the State's Fiscal Year 2008-09 CAFR and the State's unaudited Fiscal Year 2009-10 Basic Financial Statements appended to this Official Statement as part of Appendix A. See also PERA's Comprehensive Annual Financial Report for the Fiscal Year Ended December 31, 2009, at PERA's website (www.copera.org).

State Authorities

A number of State authorities have issued financial obligations to support activities related to the special purposes of such entities. Such obligations do not constitute a debt or liability of the State. Generally, State authorities are legally separate, independent bodies, governed by their own boards, some including ex-officio State officials and/or members appointed by the Governor or ranking members of the General Assembly (in most cases with the consent of the State Senate).

Prior to July 1, 2001, the Colorado Housing and Finance Authority ("CHFA") was permitted by statute to establish capital reserve funds for the purpose of paying debt service, and is required to request additional funding from the Governor and General Assembly if such reserve funds are depleted, although the General Assembly is not required to make an appropriation for such reserve funds. No request for additional funding to establish or replenish such reserve funds has ever been made by CHFA. Under generally accepted accounting principles for governments, CHFA is not a component unit of the State and therefore, it is not included in the State's CAFR and Basic Financial Statements.

Note Issues of the State

Under State law, the State Treasurer is authorized to issue and sell notes payable from the anticipated revenues of any one or more funds or groups of accounts to meet temporary cash flow shortfalls. Since Fiscal Year 1984-85, the State has issued tax and revenue anticipation notes, such as the Planned State Series 2010A General Fund Notes, in order to fund cash flow shortfalls in the General Fund. For certain Fiscal Years, the State has also funded cash flow shortfalls by use of the proceeds of

internal borrowing from State funds other than the General Fund. Since Fiscal Year 2003-04, the State has also issued education loan anticipation notes, such as the Series 2010B Notes offered by this Official Statement, for local school districts in anticipation of local school district revenues to be collected at a later date. All tax and revenue anticipation notes previously issued by the State have been paid in full and on time.

LITIGATION

No Litigation Affecting the Series 2010B Notes

There is no litigation pending, or to the knowledge of the State threatened, either seeking to restrain or enjoin the issuance or delivery of the Series 2010B Notes or questioning or affecting the validity of the Series 2010B Notes or the proceedings or authority under which they are to be issued. There is also no litigation pending, or to the State's knowledge threatened, that in any manner questions the right of the State Treasurer to adopt the State Resolution and to secure the Series 2010B Notes in the manner provided in the State Resolution and the Loan Program Statutes.

Governmental Immunity

The Colorado Governmental Immunity Act, Article 10 of Title 24, C.R.S. (the "Immunity Act"), provides that public entities and their employees acting within the course and scope of their employment are immune from liability for tort claims under State law based on the principle of sovereign immunity, except for those specifically identified events or occurrences defined in the Immunity Act. Whenever recovery is permitted, the Immunity Act also generally limits the maximum amount that may be recovered to \$150,000 for injury to one person in a single occurrence and an aggregate of \$600,000 for injury to two or more persons in a single occurrence, except that no one person may recover in excess of \$150,000. The Immunity Act does not limit recovery against an employee who is acting outside the course and scope of his/her employment. The Immunity Act specifies the sources from which judgments against public entities may be collected and provides that public entities are not liable for punitive or exemplary damages. The Immunity Act does not prohibit claims in Colorado state court against public entities or their employees based on contract and may not prohibit such claims based on other common law theories. However, the Immunity Act does bar certain federal actions or claims against the State, the Participating Districts or their employees sued in their official capacities under federal statutes when such actions are brought in state court. The Eleventh Amendment to the U.S. Constitution bars certain federal actions or claims against the State, the Participating Districts or their employees sued in their official capacities under federal statutes when such actions are brought in federal court.

Self Insurance

In 1985, the General Assembly passed legislation creating a self-insurance fund, the Risk Management Fund, and established a mechanism for claims adjustment, investigation and defense, as well as authorizing the settlement and payment of claims and judgments against the State. The General Assembly also utilizes the self-insurance fund for payment of State workers' compensation liabilities. The State currently maintains self-insurance for claims arising on or after September 15, 1985, under the Immunity Act and claims against the State, its officials or its employees arising under federal law. See Notes 6H, 6I, 21 and 38 to the State's Fiscal Year 2008-09 audited financial statements and Notes 6H, 6I, 21 and 39 to the State's unaudited Fiscal Year 2009-10 Basic Financial Statements appended to this Statement as part of Appendix A. Judgments awarded against the State for which there is no insurance coverage or that are not payable from the Risk Management Fund ordinarily require a legislative appropriation before they may be paid.

Current Litigation

For a description of pending material litigation in which the State is a defendant, see Note 38 to the financial statements in the State's Fiscal Year 2008-09 CAFR and Note 39 to the State's unaudited Fiscal Year 2009-10 Basic Financial Statements appended to this Official Statement as Appendix A. The State Attorney General does not believe that any actions described in that Note, or any combination thereof, will result in a materially adverse effect with regard to the financial resources of the State, or the continuous operation thereof, or the ability of the State to repay the Series 2010B Notes. There can be no assurance, however, regarding the ultimate outcome of the actions described in Note 38 and Note 39, for the respective Fiscal Years, and no provision has been made in the financial statements related to the actions discussed in these Notes. The State Attorney General also does not believe that since June 30, 2010, there have been any material actions initiated in which the State is a defendant that will result in a materially adverse effect with regard to the financial resources of the State, or the continuous operation thereof, or the ability of the State to repay the Series 2010B Notes.

RATINGS

Moody's and Standard & Poor's have assigned to the Series 2010B Notes the ratings set forth on the cover page of this Official Statement. No application was made to any other rating agency for the purpose of obtaining additional ratings on the Series 2010B Notes.

A rating reflects only the views of the rating agency assigning such rating, and an explanation of the significance of such rating may be obtained from the applicable rating agency. The State has furnished to the rating agencies certain information and materials relating to the Series 2010B Notes, including certain information and materials which have not been included in this Official Statement. Generally, rating agencies base their ratings on such information and materials and on investigations, studies and assumptions by the rating agencies. There is no assurance that any of the ratings will continue for any given period of time or that any of the ratings will not be revised downward, suspended or withdrawn entirely by any such rating agency if, in its judgment, circumstances so warrant. Any such downward revision, suspension or withdrawal of any such rating may have an adverse effect on the market price of the Series 2010B Notes. The State has not undertaken any responsibility to oppose any proposed change in, suspension or withdrawal of a rating.

CONTINUING DISCLOSURE

In accordance with the exemption set forth in paragraph (d)(3) of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, no undertaking to report annual financial information or operating data as set forth in the final Official Statement, or audited financial statements, will be provided by the State in connection with the Series 2010B Notes as the Series 2010B Notes have a stated maturity of less than 18 months. However, the State Treasurer nevertheless undertakes in the State Resolution, for the benefit of the Owners and Beneficial Owners of the Series 2010B Notes, that during such time as any of the Series 2010B Notes are outstanding, it will provide to the MSRB in a timely manner, not in excess of ten Business Days after the occurrence of the event, notice of any of the following events with respect to the Series 2010B Notes: (i) principal and interest payment delinquencies; (ii) nonpayment related defaults, if material; (iii) unscheduled draws on debt service reserves reflecting financial difficulties; (iv) unscheduled draws on credit enhancements reflecting financial difficulties; (v) substitution of credit or liquidity providers, or their failure to perform; (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax status of the security, or other material events

affecting the tax status of the Series 2010B Notes; (vii) modifications to rights of owners of the Series 2010B Notes, if material; (viii) Series 2010B Note calls, if material, and tender offers; (ix) defeasances; (x) release, substitution or sale of property securing repayment of the Series 2010B Notes, if material; (xi) rating changes; (xii) bankruptcy, insolvency, receivership or similar event of the State; (xiii) the consummation of a merger, consolidation or acquisition involving the State or the sale of all or substantially all of the assets of the State, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material.

The covenants of the State set forth in “THE SERIES 2010B NOTES – Covenants of the State” constitute a part of the undertaking of the State Treasurer to provide certain information for the benefit of the Owners and Beneficial Owners of the Series 2010B Notes.

The obligations of the State Treasurer pursuant to the undertaking are for the benefit of the Owners and Beneficial Owners of the Series 2010B Notes, and, if necessary, may be enforced by such Owners and Beneficial Owners by specific performance of such obligations by any judicial proceeding available. However, breach of the State Treasurer’s obligations pursuant to the undertaking does not constitute an Event of Default under the State Resolution, and none of the rights and remedies provided in the State Resolution for Events of Default will be available to the Owners or Beneficial Owners of the Series 2010B Notes in such event.

During the previous five years, the State Treasurer has complied, in all material respects, with the continuing disclosure undertakings entered into by the State Treasurer pursuant to Rule 15c2-12.

LEGAL MATTERS

All legal matters incident to the validity and enforceability of the Series 2010B Notes, as well as the treatment of interest on the Series 2010B Notes for purposes of federal and State income taxation, are subject to the approving legal opinion of Kutak Rock LLP, Denver, Colorado, as Bond Counsel. The substantially final form of the opinion of Bond Counsel is appended to this Official Statement. Certain legal matters will be passed upon for the State by the Office of the Attorney General of the State and by Peck, Shaffer & Williams LLP, Denver, Colorado, as special counsel to the State in connection with the preparation of this Official Statement. Payment of legal fees to Bond Counsel and special counsel are contingent upon the sale and delivery of the Series 2010B Notes.

TAX MATTERS

Generally

In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, interest on the Series 2010B Notes is excluded from gross income for federal income tax purposes and is not a specific preference item nor included in adjusted current earnings for purposes of the federal alternative minimum tax. The opinion described in the preceding sentence assumes the accuracy of certain representations and compliance by the State with covenants designed to satisfy the requirements of the Internal Revenue Code of 1986, as amended, that must be met subsequent to the issuance of the Series 2010B Notes. Failure to comply with such covenants could cause interest on the Series 2010B Notes to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2010B Notes. The State has covenanted to comply with such requirements. Bond Counsel has expressed no opinion regarding other federal tax consequences arising with respect to

the Series 2010B Notes. Such interest is also not included in Colorado taxable income or Colorado alternative minimum taxable income under Colorado income tax laws.

The accrual or receipt of interest on the Series 2010B Notes may otherwise affect the federal income tax liability of the owners of the Series 2010B Notes. The extent of these other tax consequences will depend upon such owner's particular tax status and other items of income or deduction. Bond Counsel has expressed no opinion regarding any such consequences. Purchasers of the Series 2010B Notes, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of Social Security or Railroad Retirement benefits, taxpayers otherwise entitled to claim the earned income credit, or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Series 2010B Notes.

The amount treated as interest on the Series 2010B Notes and excluded from gross income will depend upon the taxpayer's election under Internal Revenue Service (the "Service") Notice 94-84, 1994-2 C.B. 559. Notice 94-84 states that the Service is studying whether the amount of the payment at maturity on debt obligations such as the Series 2010B Notes that is excluded from gross income for federal income tax purposes is (i) the stated interest payable at maturity or (ii) the difference between the issue price of the Series 2010B Notes and the aggregate amount to be paid at maturity of the Series 2010B Notes (the "original issue discount"). For this purpose, the issue price of the Series 2010B Notes is the first price at which a substantial amount of the Series 2010B Notes is sold to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). Until the Service provides further guidance, taxpayers may treat either the stated interest payable at maturity or the original issue discount as interest that is excluded from gross income for federal income tax purposes. However, taxpayers must treat the amount to be paid at maturity on all tax-exempt debt obligations with a term that is not more than one year from the date of issue in a consistent manner. Taxpayers should consult their own tax advisors with respect to the tax consequences of ownership of Series 2010B Notes if the taxpayer elects original issue discount treatment.

Tax Treatment of Original Issue Premium

The following disclosure relates to purchasers of the Series 2010B Notes who, under Notice 94-84 discussed above, treat the stated interest payable at the maturity of the Series 2010B Notes as the amount excluded from gross income for federal income tax purposes. An amount equal to the excess of the issue price of a Series 2010B Note over its stated redemption price at maturity constitutes original issue premium on such Series 2010B Note. An initial purchaser of a Series 2010B Note must amortize any original issue premium in accordance with the provisions of Section 171 of the Code. Purchasers of a Series 2010B Note with original issue premium should consult with their tax advisors with respect to the determination and treatment of amortizable premium for federal income tax purposes and with respect to state and local tax consequences of owning Series 2010B Notes with original issue premium.

Changes in Federal and State Tax Law

From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to above or adversely affect the market value of the Series 2010B Notes. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Series 2010B Notes. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Series

2010B Notes or the market value thereof would be impacted thereby. Purchasers of the Series 2010B Notes should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Series 2010B Notes, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

Backup Withholding

As a result of the enactment of the Tax Increase Prevention and Reconciliation Act of 2005, interest on tax-exempt obligations such as the Series 2010B Notes is subject to information reporting in a manner similar to interest paid on taxable obligations. Backup withholding may be imposed on payments made after March 31, 2007 to any bondholder who fails to provide certain required information including an accurate taxpayer identification number to any person required to collect such information pursuant to Section 6049 of the Code. This new reporting requirement does not in and of itself affect or alter the excludability of interest on the Series 2010B Notes from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling tax-exempt obligations.

UNDERWRITING

The Series 2010B Notes will be purchased from the State by Piper Jaffray & Co., Barclays Capital, Inc. and Goldman, Sachs & Co. pursuant to a competitive sale conducted by the State for an aggregate purchase price of \$328,009,750, being the principal amount of the Series 2010B Notes plus an aggregate original issue premium of \$3,010,750 and less an aggregate underwriting discount of \$1,000.

FINANCIAL ADVISOR

RBC Capital Markets, LLC, Denver, Colorado, is acting as Financial Advisor to the State in connection with the issuance of the Series 2010B Notes, and in such capacity has assisted in the preparation of this Official Statement and other matters relating to the planning, structuring, rating and execution and delivery of the Series 2010B Notes. However, the Financial Advisor has not undertaken either to make an independent verification of or to assume responsibility for the accuracy or completeness of the information contained in this Official Statement. Pursuant to its contract with the State, the Financial Advisor is not permitted to submit a bid to purchase the Series 2010B Notes.

MISCELLANEOUS

The cover page, prefatory information and appendices to this Official Statement are integral parts hereof and must be read together with all other parts of this Official Statement. The descriptions of the documents, statutes, reports or other instruments included herein do not purport to be comprehensive or definitive and are qualified in the entirety by reference to each such document, statute, report or other instrument. During the offering period of the Series 2010B Notes, copies of the State Resolution and certain other documents referred to herein may be obtained from the Financial Advisor at RBC Capital Markets, LLC, One Tabor Center, 1200 17th Street, Suite 2150, Denver, Colorado 80202, Attention: Terry Casey, telephone number (303) 595-1204. So far as any statements made in this Official Statement involve matters of opinion, forecasts, projections or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact.

OFFICIAL STATEMENT CERTIFICATION

The preparation and distribution of this Official Statement have been authorized by the State Treasurer. This Official Statement is hereby approved by the State Treasurer as of the date set forth on the cover page hereof.

By: /s/ Cary Kennedy
Treasurer of the State of Colorado



APPENDIX A

**STATE OF COLORADO COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2009,**

and

**STATE OF COLORADO UNAUDITED BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

(Pagination reflects the original printed documents)

APPENDIX B

CERTAIN STATE ECONOMIC AND DEMOGRAPHIC INFORMATION

The following information was prepared and provided by Development Research Partners to give prospective investors general information concerning selected economic and demographic conditions existing in the State as of the dates indicated. The statistics have been obtained from the referenced sources and represent the most current information available from the sources indicated; however, certain information is released only after a significant amount of time has passed since the most recent date of the reported data, and therefore such information in many cases will not be indicative of existing or future economic and demographic conditions. Further, the reported data has not been adjusted to reflect economic trends, notably inflation. Finally, other economic and demographic information concerning the State not presented herein may be available, and prospective investors may want to review such information prior to making their investment decision. The following information is not to be relied upon as a representation or guarantee of the State or any officer or employee of or advisor to the State. See also “APPENDIX C – THE STATE GENERAL FUND – OSPB Revenue and Economic Forecasts.”

Overview

Colorado, the most populous state in the Rocky Mountain region, has three distinct geographic and economic areas. The eastern half of the State consists of the eastern plains, which are flat, open and largely devoted to agriculture. The Front Range lies along the base of the Rocky Mountains and contains most of the State’s metropolitan areas. The western half of the State, which includes the Rocky Mountains and the Western Slope, includes many acres of national park and forest land and significant reserves of minerals, natural gas, and other resources.

The State’s population and wealth are concentrated in the Front Range, principally in four major metropolitan areas: Denver/Boulder, Colorado Springs, Fort Collins/Greeley and Pueblo. Denver, the State capital, is the economic center of the State and the Rocky Mountain region. Approximately 56% of the State’s population and 61% of its jobs are located in the Denver/Boulder metropolitan area, which has become a hub for transportation, communication, finance and banking. The aerospace, bioscience and energy industries are also key contributors to economic growth in the Denver/Boulder metropolitan area and the State as a whole.

The State’s economic performance depends heavily on economic performance at the national level. See also “APPENDIX C – THE STATE GENERAL FUND – OSPB Revenue and Economic Forecasts.”

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Population and Age Distribution

The following table provides population figures for the State and the United States since the 2000 census.

	Population Estimates (as of July 1)			
	Colorado		United States	
	Population (millions)	% Change	Population (millions)	% Change
2000	4.44		282.17	
2001	4.46	0.4%	285.08	1.0%
2002	4.53	1.6%	287.80	1.0%
2003	4.59	1.3%	290.33	0.9%
2004	4.65	1.4%	293.05	0.9%
2005	4.71	1.4%	295.75	0.9%
2006	4.81	2.0%	298.59	1.0%
2007	4.90	1.8%	301.58	1.0%
2008	4.99	1.9%	304.37	0.9%
2009	5.07	1.7%	307.01	0.9%
2010	5.16	1.7%	310.23	1.1%

Note: 2010 figures are forecasts.

Sources: Colorado Division of Local Government, State Demography Office; U.S. Census Bureau, Population Estimates Program.

The following table provides an age distribution for the State's population and the population nationwide.

	Age Distribution as of July 1, 2009			
	Colorado		United States	
	Population (millions)	% of total	Population (millions)	% of total
Under 18	1.24	24.5%	74.55	24.3%
18 to 24	0.55	10.8%	30.41	9.9%
25 to 44	1.41	27.8%	83.10	27.1%
45 to 64	1.36	26.8%	79.38	25.9%
65+	0.52	10.2%	39.57	12.9%
Total	5.07	100.0%	307.01	100.0%
Median Age	36.2		38.2	

Note: Totals may not add due to rounding.

Sources: Colorado Division of Local Government, State Demography Office; U.S. Census Bureau, Population Estimates Program.

Income

The following table provides annual per capita personal income figures for the State, the Rocky Mountain Region and the United States.

	Per Capita Personal Income in Current Dollars ¹					
	Colorado		Rocky Mountain Region ²		United States	
	Income	% Change	Income	% Change	Income	% Change
2005	\$38,555		\$34,064		\$35,424	
2006	\$40,898	6.1%	\$36,293	6.5%	\$37,698	6.4%
2007	\$42,367	3.6%	\$37,767	4.1%	\$39,458	4.7%
2008	\$43,509	2.7%	\$38,825	2.8%	\$40,673	3.1%
2009	\$41,839	-3.8%	\$37,459	-3.5%	\$39,626	-2.6%

¹ Per capita personal income is total personal income divided by the July 1 population estimate.

² The Rocky Mountain Region includes Colorado, Idaho, Montana, Utah and Wyoming.

Source: U.S. Bureau of Economic Analysis.

Employment

The following table provides total employment, labor force, and unemployment statistics for the State.

	Colorado Civilian Labor Force (thousands)	% Change	Colorado Total Employment (thousands) ¹	% Change	Annual Average Unemployment Rate	
					Colorado	United States
2005	2,580.8		2,448.1		5.1%	5.1%
2006	2,642.7	2.4%	2,527.0	3.2%	4.4%	4.6%
2007	2,686.4	1.7%	2,582.5	2.2%	3.9%	4.6%
2008	2,730.4	1.6%	2,596.3	0.5%	4.9%	5.8%
2009	2,701.0	-1.1%	2,492.5	-4.0%	7.7%	9.3%
Year-to-date averages through September:						
2009	2,716.7		2,501.9		7.9%	9.2%
2010	2,660.7	-2.1%	2,445.4	-2.3%	8.1%	9.8%

¹ Includes the self-employed, unpaid family workers, and other groups not included in statistics that show employment by industry.

Sources: Colorado Department of Labor and Employment, Local Area Unemployment Statistics; U.S. Bureau of Labor Statistics.

The following table shows Colorado employment by industry from 2005 to first quarter 2010. Industry designations are based on the North American Industrial Classification System. Employment includes only those workers covered by unemployment insurance; most workers in the State are covered.

Industry	2005	2006	2007	2008	2009	Year-to-Date		
						2009Q1	2010Q1	% Change
Private Sector								
Agriculture, Forestry, Fishing, and Hunting	14,960	14,834	14,550	14,087	13,737	12,327	11,972	-2.9%
Mining	17,007	20,680	25,019	28,335	24,004	27,002	22,648	-16.1%
Utilities	7,949	8,101	7,950	8,221	8,404	8,406	8,251	-1.8%
Construction	160,082	167,623	167,717	161,814	131,001	135,473	109,557	-19.1%
Manufacturing	150,573	148,848	146,737	144,157	129,635	133,957	123,603	-7.7%
Wholesale Trade	93,768	96,343	99,394	100,144	93,275	95,632	89,987	-5.9%
Retail Trade	246,015	248,443	253,590	252,691	238,417	239,059	231,691	-3.1%
Transportation and Warehousing	61,101	62,089	64,063	63,635	59,072	59,909	56,702	-5.4%
Information	77,435	75,614	76,197	76,963	74,679	76,273	72,059	-5.5%
Finance and Insurance	106,813	109,057	108,018	104,926	100,856	101,973	98,742	-3.2%
Real Estate and Rental and Leasing	46,844	47,690	47,861	46,874	42,930	44,208	41,565	-6.0%
Professional and Technical Services	155,979	162,988	170,603	176,440	169,561	174,400	166,722	-4.4%
Management of Companies and Enterprises	24,900	26,992	28,407	28,652	28,550	28,825	28,342	-1.7%
Administrative and Waste Services	135,273	141,856	149,081	146,446	132,028	127,855	124,961	-2.3%
Educational Services	24,823	25,754	26,975	27,701	28,049	28,094	28,766	2.4%
Health Care and Social Assistance	197,087	202,378	210,529	219,879	225,933	224,140	228,733	2.0%
Arts, Entertainment, and Recreation	43,211	44,226	44,627	45,656	44,555	46,081	46,108	0.1%
Accommodation and Food Services	214,146	220,745	225,787	227,251	217,785	216,252	211,763	-2.1%
Other Services	65,124	65,656	67,043	68,503	65,701	66,261	64,541	-2.6%
Unclassified	261	268	485	779	761	1,011	567	-43.9%
Government	345,972	351,372	358,016	367,712	372,472	370,710	373,526	0.8%
Total*	2,189,321	2,241,556	2,292,649	2,310,868	2,201,406	2,217,847	2,140,806	-3.5%

* Industry employment levels may not add to total due to rounding.

Source: Colorado Department of Labor and Employment, Quarterly Census of Employment and Wages.

The following table shows the largest private sector employers in Colorado as of 2009. No independent investigation has been made, and no representation is made herein as to the financial condition of the employers listed below or the likelihood that these employers will maintain their status as major employers in the State. Employment counts for these businesses may have changed since this table was compiled, and other large employers may exist in the State that are not included in the table.

Estimated Largest Private Sector Employers in Colorado (2009)

Employer	Type of Business	Estimated Employees¹
Wal-Mart	General Merchandise	25,960
Dillon Companies (King Soopers/City Market)	Supermarkets	18,600
Centura Health	Healthcare	13,000
Safeway Inc	Supermarkets	10,680
Lockheed Martin	Aerospace	9,010
HCA-HealthOne LLC	Healthcare	9,000
Qwest Communications International Inc	Telecommunications	8,300
Target Corporation	General Merchandise	7,980
University of Denver	Private University	6,190
Exempla Healthcare	Healthcare	6,100
Home Depot	Building Materials Retailer	5,960
Wells Fargo	Banking/Financial Services	5,700
Kaiser Foundation Health Plan of Colorado	Health Maintenance Organization	5,570
Comcast Colorado	Cable Service Provider	5,300
United Parcel Service	Delivery Services	4,790
United Airlines	Air Transportation	4,700
DISH Network LLC	Satellite Television	4,200
University of Colorado Hospital ²	Healthcare	4,080
Frontier Airlines	Air Transportation	4,000
International Business Machines	Computer Systems and Services	3,800
Xcel Energy	Utility	3,690
Ball Corp	Containers, Aerospace	3,450
Oracle Corporation	Computer Hardware & Software	3,200
MillerCoors	Beverage Manufacturer	3,180
The Children's Hospital	Healthcare	3,140

¹ Includes both full- and part-time employees.

² Some workers are also included in the employment count for the University of Colorado System (next table).

Source: Colorado Department of Labor and Employment; Denver Business Journal *Book of Lists*.

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The following table shows the largest public sector employers in Colorado as of 2009.

Estimated Largest Public Sector Employers in Colorado (2009)	
Employer	Estimated Employees¹
Federal Government	37,300
State of Colorado	33,700
University of Colorado System ²	14,790
City and County of Denver	13,000
Jefferson County Public Schools	12,840
Denver Public Schools	12,580
US Postal Service	11,300
Cherry Creek School District No 5	7,740
Douglas County School District RE-1	7,550
Colorado State University	6,510
Denver Health	5,160
Adams 12 Five Star Schools	5,050
Colorado Springs School District 11	4,960
Poudre School District R-1	4,110
Boulder Valley School District RE-2	4,040
Colorado Springs Memorial Hospital	4,020
Aurora Public Schools	4,000
St. Vrain Valley School District RE-1J	3,910
City of Aurora	3,840
Mesa County Valley School District 51	3,420
Academy Schools District No 20	3,230
Jefferson County	2,920
Thompson School District R2J	2,670
City of Colorado Springs	2,620
Greeley School District No 6	2,560

¹ Includes both full-time and part-time employees.

² Some workers are also included in the employment count for the University of Colorado Hospital (previous table).

Source: Colorado Department of Labor and Employment; Denver Business Journal *Book of Lists*.

Retail Sales

The following table provides recent annual sales figures as reported for state sales tax purposes.

	Colorado Gross and Retail Sales			
	Gross Sales		Retail Sales	
	Amount (billions)	% Change	Amount (billions)	% Change
2005	\$165.54		\$123.43	
2006	\$186.68	12.8%	\$135.69	9.9%
2007	\$202.84	8.7%	\$148.91	9.7%
2008	\$212.88	4.9%	\$152.81	2.6%
2009	\$184.47	-13.3%	\$134.12	-12.2%
Year-to-date totals through July:				
2009	\$96.10		\$73.73	
2010	\$99.09	3.1%	\$76.34	3.5%

Source: Colorado Department of Revenue.

The following table provides retail sales totals by industry for the past five years and year-to-date.

Colorado Retail Sales by Industry (millions) and Percentage Change from Prior Year¹

Industry	2005		2006		2007		2008		2009		Year-to-date totals through July		
	2005	% Change	2006	% Change	2007	% Change	2008	% Change	2009	% Change	2009	2010	% Change
Agriculture/Forestry/Fishing	175.1	8.6%	303.1	73.1%	341.1	12.5%	303.8	-10.9%	285.2	-6.1%	161.0	165.1	2.6%
Mining	1,402.4	41.9%	2,239.9	59.7%	2,955.1	31.9%	3,414.2	15.5%	2,214.4	-35.1%	1,106.7	1,271.8	14.9%
Utilities	5,822.7	24.0%	5,453.7	-6.3%	6,312.3	15.7%	7,094.1	12.4%	6,704.8	-5.5%	3,852.0	4,330.1	12.4%
Construction	2,687.5	5.3%	3,262.6	21.4%	3,684.8	12.9%	3,770.0	2.3%	2,807.3	-25.5%	1,562.2	1,326.9	-15.1%
Manufacturing	8,579.5	14.1%	10,097.7	17.7%	11,400.6	12.9%	11,757.8	3.1%	9,185.1	-21.9%	5,098.7	4,769.5	-6.5%
Wholesale Trade	11,155.0	24.1%	12,577.6	12.8%	14,493.5	15.2%	14,491.1	0.0%	11,891.4	-17.9%	5,778.6	5,711.0	-1.2%
Retail Trade													
Motor Vehicle and Auto Parts	13,609.6	-2.6%	13,270.9	-2.5%	14,182.4	6.9%	12,156.8	-14.3%	10,254.2	-15.7%	5,810.4	6,329.7	8.9%
Furniture and Furnishings	2,376.5	2.3%	2,481.7	4.4%	2,573.8	3.7%	2,353.2	-8.6%	1,893.8	-19.5%	1,040.6	1,032.5	-0.8%
Electronics and Appliances	1,914.4	1.7%	2,074.0	8.3%	2,304.7	11.1%	2,244.0	-2.6%	1,984.5	-11.6%	1,067.4	1,106.1	3.6%
Building Materials/Nurseries	5,572.8	12.0%	5,820.6	4.4%	5,766.4	-0.9%	5,281.0	-8.4%	4,200.7	-20.5%	2,463.1	2,520.4	2.3%
Food/Beverage Stores	10,443.2	6.1%	11,064.3	5.9%	12,095.1	9.3%	12,927.4	6.9%	12,557.6	-2.9%	6,781.8	7,357.1	8.5%
Health and Personal Care	1,744.7	4.7%	1,978.3	13.4%	2,139.1	8.1%	2,268.8	6.1%	2,350.2	3.6%	1,305.8	1,385.7	6.1%
Gas Stations	4,366.0	22.3%	4,878.1	11.7%	5,230.0	7.2%	5,764.6	10.2%	4,002.1	-30.6%	2,187.1	2,654.4	21.4%
Clothing and Accessories	2,581.7	-0.5%	2,870.7	11.2%	3,185.4	11.0%	3,108.1	-2.4%	2,892.9	-6.9%	1,551.5	1,633.8	5.3%
Sporting/Hobby/Books/Music	2,390.1	4.2%	2,546.2	6.5%	2,692.2	5.7%	2,579.4	-4.2%	2,367.6	-8.2%	1,314.4	1,293.9	-1.6%
General Merchandise/Warehouse	9,799.4	7.3%	10,304.6	5.2%	10,997.6	6.7%	11,334.9	3.1%	10,973.6	-3.2%	6,061.8	6,067.4	0.1%
Misc Store Retailers	2,384.8	9.1%	2,404.4	0.8%	2,450.4	1.9%	2,364.4	-3.5%	2,204.6	-6.8%	1,222.1	1,253.0	2.5%
Non-Store Retailers	1,565.3	13.1%	3,299.6	110.8%	3,715.0	12.6%	4,299.7	15.7%	2,794.2	-35.0%	1,560.3	1,717.2	10.1%
Total Retail Trade	58,748.4	5.2%	62,993.5	7.2%	67,332.1	6.9%	66,682.2	-1.0%	58,476.0	-12.3%	32,366.3	34,351.2	6.1%
Transportation/Warehouse	789.9	12.1%	887.0	12.3%	829.4	-6.5%	756.2	-8.8%	585.7	-22.5%	296.7	249.0	-16.1%
Information	5,648.6	8.9%	5,803.6	2.7%	6,232.2	7.4%	6,983.6	12.1%	7,044.4	0.9%	3,978.7	4,079.6	2.5%
Finance/Insurance	1,359.7	33.1%	2,120.3	55.9%	2,299.9	8.5%	3,085.9	34.2%	2,845.4	-7.8%	1,543.1	1,806.8	17.1%
Real Estate/Rental/Lease	3,016.2	6.8%	3,393.4	12.5%	3,647.3	7.5%	3,607.7	-1.1%	2,903.0	-19.5%	1,723.2	1,649.5	-4.3%
Professional/Scientific/Technical	5,623.3	-9.1%	6,065.8	7.9%	6,623.3	9.2%	6,861.0	3.6%	6,059.0	-11.7%	3,037.3	2,925.9	-3.7%
Admin/Support/Waste/Remediation	1,402.2	9.1%	1,443.2	2.9%	1,745.7	21.0%	1,955.5	12.0%	1,794.7	-8.2%	899.5	956.5	6.3%
Education	329.2	25.3%	389.1	18.2%	425.1	9.2%	461.6	8.6%	421.8	-8.6%	211.4	257.9	22.0%
Health Care/Social Assistance	3,384.6	8.9%	3,923.9	15.9%	4,563.1	16.3%	5,275.3	15.6%	5,740.5	8.8%	3,257.2	3,392.5	4.2%
Arts/Entertainment/Recreation	781.6	9.7%	890.1	13.9%	952.6	7.0%	971.5	2.0%	903.8	-7.0%	532.5	554.6	4.2%
Accommodation	2,281.2	7.6%	2,600.3	14.0%	2,904.8	11.7%	3,033.8	4.4%	2,567.2	-15.4%	1,553.9	1,590.0	2.3%
Food/Drinking Services	6,744.0	4.5%	7,443.9	10.4%	8,042.5	8.0%	8,229.0	2.3%	7,977.1	-3.1%	4,678.1	4,829.6	3.2%
Other Services	3,146.2	6.3%	3,480.1	10.6%	3,825.9	9.9%	3,825.2	0.0%	3,472.6	-9.2%	1,959.9	1,972.5	0.6%
Government	353.7	29.8%	322.8	-8.8%	299.3	-7.3%	249.6	-16.6%	242.5	-2.9%	134.6	150.2	11.7%
Total All Industries	123,431.0	8.4%	135,691.6	9.9%	148,910.8	9.7%	152,809.2	2.6%	134,121.9	-12.2%	73,731.4	76,340.2	3.5%

¹ Some sales data are suppressed to protect confidentiality, so percentage changes reported may vary from the actual change that occurred in a given year.

Source: Colorado Department of Revenue.

Tourism

The following table provides visitor counts for the State's national parks and major recreation areas, Denver area convention attendance figures and visitor counts for Colorado ski areas.

Colorado Tourism Statistics										
National Parks Visits ¹			Conventions ²						Skier Visits ³	
			Conventions		Delegates		Spending			
Number (millions)	% Change		Number	% Change	Number (thousands)	% Change	Amount (millions)	% Change	Number (millions)	% Change
2005	5.46		40		153.4		\$305.7		11.82	
2006	5.38	-1.6%	55	37.5%	180.2	17.5%	\$358.9	17.4%	12.53	6.1%
2007	5.64	4.9%	75	36.4%	215.4	19.5%	\$429.1	19.6%	12.57	0.3%
2008	5.45	-3.3%	75	0.0%	293.4	36.2%	\$584.5	36.2%	12.54	-0.2%
2009	5.51	1.1%	66	-12.0%	244.7	-16.6%	\$487.4	-16.6%	11.86	-5.5%

¹ Count of recreational visitors for all of the State's National Parks Service territories, which include national parks, monuments, historic sites and recreation areas.

² Includes only those conventions held at the Colorado Convention Center.

³ Count of skier visits for the season ending in the referenced year.

Sources: National Parks Service; VISIT DENVER, The Convention and Visitor's Bureau; Colorado Ski Country USA.

Residential Housing Starts

The following table provides a five-year history of the State's residential building permit issuance.

New Privately Owned Housing Units Authorized in Colorado

	1 Unit	2 Units	3 & 4 Units	5+ Units	Total Building Permits	% Change
2005	40,140	580	653	4,518	45,891	
2006	30,365	654	563	6,761	38,343	-16.4%
2007	20,516	448	411	8,079	29,454	-23.2%
2008	11,147	290	181	7,380	18,998	-35.5%
2009	7,261	142	93	1,859	9,355	-50.8%
Year-to-date totals through August:						
2009	5,012	116	51	1,300	6,479	
2010	6,479	134	101	1,112	7,826	
<i>% change</i>	<i>29.3%</i>	<i>15.5%</i>	<i>98.0%</i>	<i>-14.5%</i>	<i>20.8%</i>	

Source: U.S. Census Bureau.

Residential Foreclosures

The following table provides a five-year history of foreclosure filings and sales in Colorado. The foreclosure filing is the event that begins the foreclosure process. In general, a borrower who is at least three months delinquent will receive a filing notice from the Public Trustee for the county in which the property is located. At this point, the property is in foreclosure.

Because a foreclosure filing can be cured or withdrawn before the home is sold at auction, not all filings result in foreclosure sales. Foreclosure sales at auction generally proceed about 120 days after the initial filing. Recent changes to Colorado's foreclosure law give borrowers the ability to extend that period, however. Under Colorado HB 09-1276, a foreclosed homeowner who meets certain conditions may qualify for up to a 90-day deferment of foreclosure proceedings. (Note that HB 09-1276 is scheduled to sunset in June 2011.) Once a foreclosure sale is completed, the eviction process begins.

Foreclosure Filings and Sales in Colorado

	Foreclosure Filings¹	% Change	Foreclosure Sales at Auction	% Change
2005	21,782		12,699	
2006	28,435	30.5%	17,451	37.4%
2007	39,920	40.4%	25,054	43.6%
2008	39,333	-1.5%	21,306	-15.0%
2009	46,394	18.0%	20,437	-4.1%
Year-to-date totals through second quarter:				
2009	22,644		9,353	
2010	21,369	-5.6%	12,573	34.4%

¹ Some filings may have been subsequently cured or withdrawn and may not have resulted in sales at auction.

Note: Various foreclosure moratoria were enacted in late 2008 and early 2009. As a result, filing and sales activity during those periods appears artificially low when compared to activity in other periods. Over-the-year percentage changes should be interpreted with caution.

Source: Colorado Division of Housing.



APPENDIX C

THE STATE GENERAL FUND

General Fund Overview

The General Fund is the principal operating fund of the State. All revenues and moneys not required by the State Constitution or statutes to be credited and paid into a special fund are required to be credited and paid into the General Fund.

The State Resolution requires that if on June 28, 2011, the amount credited to the Principal Subaccount of the Series 2010 Notes Repayment Account is less than the principal amount of the Series 2010B Notes and any Parity Lien Notes, the State Treasurer is to deposit the amount of the deficiency to the Principal Subaccount from any funds on hand or in the custody or possession of the State Treasurer and eligible for investment in the District Notes. The State Treasurer is to first utilize all other funds that are eligible for investment in the District Notes prior to the application of Current General Fund Revenues or Borrowable Resources that are eligible for investment in the District Notes. The ability of the State Treasurer to use Current General Fund Revenues that are eligible for investment in the District Notes to fund a deficiency in the Principal Subaccount of the Series 2010 Notes Repayment Account is subordinate to the use of such funds for payment of any general fund tax and revenue anticipation notes of the State issued during Fiscal Year 2010-11, including, without limitation, the Planned State Series 2010A General Fund Notes. See “THE SERIES 2010B NOTES – Security and Sources of Payment – *The Series 2010 Notes Repayment Account*” and “SELECTED STATE FUNDS ELIGIBLE FOR INVESTMENT IN DISTRICT NOTES IN THE EVENT OF A DEFAULT IN THE REPAYMENT OF PROGRAM LOANS.”

The following table summarizes the actual revenues, expenditures and changes in fund balances for the General Fund for Fiscal Year 2005-06 through Fiscal Year 2009-10 and the forecast for Fiscal Years 2010-11 and 2011-12 from the OSPB September 2010 Revenue Forecast, including (for Fiscal Year 2010-11 only) the requested legislation outlined in the Governor’s August 23, 2010, budget balancing proposal to the JBC with respect to Fiscal Year 2010-11 General Fund appropriations, transfers to the General Fund and rebates and expenditures. The table does not reflect the Governor’s October 22 and November 1, 2010, budget balancing proposals since they were submitted after the OSPB September 2010 Revenue Forecast. With respect to prior Fiscal Years, the table assumes State law then in effect for General Fund appropriations, transfers to the General Fund and rebates and expenditures. The table also reflects the effect of the federal Jobs and Growth Tax Relief Reconciliation Act of 2003 (the “Jobs Act”), enacted in 2003, as it pertained to tax relief for State taxpayers and therefore affected State tax revenues. Specifically, the growth incentives for businesses offered under the Jobs Act (which included a 50% bonus depreciation allowance and a small business expensing provision) had the effect of reducing federal adjusted income, which is the basis for the State’s income tax, thus resulting in a corresponding reduction in State income tax revenues through Fiscal Year 2005-06.

The table also assumes the infusion of federal stimulus funding under the American Recovery and Reinvestment Act of 2009 (the “Recovery Act”) for Medicaid over three Fiscal Years, beginning with Fiscal Year 2008-09. Based on the OSPB September 2010 Revenue Forecast, under the Recovery Act, the State received a General Fund expenditure offset of \$214.1 million for Federal Medical Assistance Percentage (“FMAP”) participation in Fiscal Year 2008-09 and an additional total of \$418.9 million in State funding in Fiscal Year 2009-10. The projected total State funding offsets to Fiscal Year 2010-11 are estimated to equal \$363.8 million. Both the Fiscal Year 2009-10 and projected Fiscal Year 2010-11

General Fund offsets due to FMAP are no longer shown as a separate entry on the table below as these offsets are captured in the “General Fund Appropriations Subject to the Appropriations Limit” entry. To the extent received, these amounts reduced General Fund expenditures and any future funding under the Recovery Act is expected to reduce General Fund expenditure for Medicaid.

The format of the following table is used by the State in developing its annual budget, as discussed in “STATE FINANCIAL INFORMATION – Budget Process and Other Considerations.”

See the inside cover of this Official Statement regarding forward-looking statements.

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State of Colorado
General Fund Overview

(Dollar amounts expressed in millions; totals may not add due to rounding)

	Actual (Unaudited)					OSPB Forecast	
	Fiscal Year 2005-06	Fiscal Year 2006-07	Fiscal Year 2007-08	Fiscal Year 2008-09 ¹³	Fiscal Year 2009-10 ¹⁴	Fiscal Year 2010-11	Fiscal Year 2011-12
REVENUE:							
Beginning Reserve	\$ 237.4	\$ 251.7	\$ 267.0	\$ 283.5	\$ 443.8	\$ 145.8	\$ 135.5
Gross General Fund Revenue ² :							
<i>General Fund</i>	6,964.6	7,539.8	7,742.9	6,737.8	6,454.6	6,810.0	7,404.0
<i>General Fund Exempt³</i>	1,116.1	1,308.2	1,169.4	--	--	--	219.0
Deposit to the State Education Fund ²	357.2	395.1	407.9	339.9	329.0	333.7	373.4
Gross General Fund Revenue Plus Deposit to the State Education Fund ²	7,321.8	7,934.9	8,150.8	7,077.7	6,783.6	7,143.7	7,777.4
Diversion to the Highway Users Tax Fund ⁴	(220.4)	(228.6)	(238.1)	--	--	--	--
Net Transfers to (from) the General Fund ⁵	155.1	--	(5.0)	805.0	(47.6)	90.3	(5.2)
TOTAL REVENUE	7,139.5	7,562.9	7,766.9	7,826.3	6,850.7	7,046.1	7,534.3
EXPENDITURES:							
Allowable General Fund Appropriations Limit	6,292.7	6,675.6	7,087.8	7,546.9	10,616.0 ⁶	10,385.0	10,560.0
General Fund Appropriations Subject to the Appropriations Limit (Long Bill and Supplemental Bills) ⁷	6,292.7	6,675.6	7,087.8	7,387.1	6,603.3	6,776.4	7,055.7
<i>Appropriations Change From Prior Year</i>	361.2	382.9	412.3	299.3	(783.8)	173.1	279.3
<i>Percent Change</i>	6.1%	6.1%	6.2%	4.2%	(10.6)%	2.6%	4.1%
Exemptions to the Appropriations Limit ⁸	5.0	11.1	31.9	12.2	--	--	--
Spending Outside the Appropriations Limit:	153.4	360.0	320.2	210.6	101.7	134.2	196.3
<i>TABOR Refund</i>	--	--	--	--	--	--	--
<i>Rebates and Expenditures⁹</i>	153.4	164.6	173.8	136.0	141.9	124.0	152.2
<i>Senior Homestead Exemption¹⁰</i>	--	74.2	79.8	85.6	1.3	1.6	1.7
<i>Transfer to Capital Construction Fund¹¹</i>	10.1	145.9	93.7	24.9	0.2	9.1	42.3
<i>Reversions and Accounting Adjustments</i>	(10.1)	(24.7)	(27.1)	(36.0)	(39.0)	--	--
Enhanced Medicaid Match (Reduces General Fund Expenditures) ¹²	--	--	--	(223.9)	(2.7)	(0.5)	--
TOTAL OBLIGATIONS	6,451.1	7,046.6	7,439.9	7,386.0	6,704.9	6,910.6	7,252.1
RESERVES							
Year-End Excess General Fund Balance	688.4	516.3	327.0	443.8	145.8	135.5	282.2
<i>Year-End Excess General Fund Balance as a Percent of Appropriations</i>	10.9%	7.7%	4.6%	2.0%	2.2%	2.0%	4.0%
Unappropriated Reserve	251.7	267.0	283.5	148.2	132.1	135.5	282.2
Moneys in Excess of Statutory Reserve:	436.7	249.3	43.4	295.5 ¹⁵	13.7	--	--
<i>Transfer to Highway Users Tax Fund (2/3)¹³</i>	291.1	166.2	29.0	--	--	--	--
<i>Transfer to Capital Construction Fund (1/3)¹³</i>	145.6	83.1	14.5	--	--	--	--

¹ This table is unaudited, although some of the figures reported in these columns are identified by the OSPB from the State's CAFRs which are audited for the applicable Fiscal Years.

² Amendment 23 mandates that, effective January 1, 2001, an amount equal to all State revenues collected from a tax of one-third of one percent on federal taxable income, as modified by law, of every individual, estate, trust and corporation, as defined by law, is to be deposited to the State Education Fund.

³ Under Referendum C, a "General Fund Exempt Account" is created in the General Fund, which consists of moneys collected in excess of the TABOR limit in accordance with Referendum C. See "STATE FINANCIAL INFORMATION – Taxpayer's Bill of Rights – *Colorado Economic Recovery Act of 2005*."

⁴ For Fiscal Years 2005-06 through 2008-09, a portion of net sales and use tax revenues was required to be diverted to the Highway Users Tax Fund if General Fund revenues are sufficient to fund appropriations and maintain the Unappropriated Reserve. This requirement was repealed by SB 09-228 beginning with Fiscal Year 2009-10 and for all subsequent years.

⁵ This figure represents the total transfers to or from the General Fund, including statutorily required transfers into the General Fund from various cash funds. Amounts in parentheses represent transfers from the General Fund to various cash funds.

[Notes continued on next page]

⁶ Per SB 09-228 for Fiscal Year 2009-10, this appropriation limit was revised from the lesser of (i) 5% of Colorado Personal Income as reported by the U.S. Bureau of Economic Analysis or (ii) 6% growth applied to appropriated amounts from the General Fund during the prior Fiscal Year, to just 5% of Colorado Personal Income. The significant increases to the limit reflected in the table beginning in Fiscal Year 2009-10 are primarily attributable to this legislative revision.

⁷ These amounts for Fiscal Year 2010-2011 and Fiscal Year 2011-12 reflect the current amount of General Fund appropriations that could be supported by projected revenues, based on the OSPB September 2010 Revenue Forecast. For Fiscal Year 2009-10, this amount includes a requested reduction of \$28.1 million specific to a two-week delay in Medicaid provider payments – this action has not yet been adopted by the General Assembly, but was executed operationally by the State’s executive branch and the savings were realized in Fiscal Year 2009-10.

⁸ In Fiscal Year 2005-06, \$5.0 million was appropriated to the State Department of Education as a result of a requirement of a state court order. In Fiscal Years 2006-07, 2007-08 and 2008-09, totals of \$11.1 million, \$31.9 million and \$12.2 million, respectively, are not subject to the appropriations limit pursuant to Section 24-75-201.1(1)(a)(III)(B), C.R.S., but are used as the base for calculating the following year’s appropriations limit. See “STATE FINANCIAL INFORMATION – Budget Process and Other Considerations – *Expenditures; The Balanced Budget and Statutory Spending Limitation.*”

⁹ This generally includes the Cigarette Rebate, Old Age Pension Fund, Property Tax, Heat and Rent Credit and Fire and Police Pensions. Per SB 05-209, the Volunteer Firefighter Retirement Plan and Volunteer Firefighter Death and Disability Insurance appropriations are not subject to the limitation on General Fund appropriation growth limit and are included in the amounts shown for Fiscal Years 2005-06 and beyond. This line item also includes the impact of the reduction or suspension of contributions to the Fire and Police Pensions Association old hire plan members’ benefit trust fund in Fiscal Years 2009-10 and 2010-11 per SB 09-203 and SB 09-227.

¹⁰ The senior Homestead Exemption property tax credit was suspended for Fiscal Year 2005-06, reinstated in Fiscal Years 2006-07 through 2008-09 and again suspended (except for an exemption for qualified disabled veterans) for Fiscal Years 2009-10 and 2010-11.

¹¹ HB 04-1412 eliminated the General Fund transfer to the Capital Construction Fund provided by Section 24-75-302(2), C.R.S., in Fiscal Year 2005-06. The transfers shown in the table in these Fiscal Years are per HB 04-1003 and HB 04-1021, respectively. Also included are continuation costs for Fiscal Year 2009-10 capital requests, Level I Controlled Maintenance funding and certificate of participation payments appropriated from capital construction funds.

¹² The table reflects the infusion of federal stimulus funding for FMAP in Fiscal Years 2008-09 through 2010-11. For Fiscal Year 2009-10 and 2010-11, General Fund expenditure offsets due to FMAP are predominately included in the “General Fund Appropriations Subject to the Appropriations Limit” line item.

¹³ Per HB 02-1310, two-thirds of the Unappropriated Reserve in excess of the then applicable Unappropriated Reserve is required to be credited to the Highway Users Tax Fund, and one-third of such excess is to be credited to the Capital Construction Fund. SB 09-228 has repealed this requirement effective January 1, 2010, and SB 09-278 prohibited the transfer of the excess reserves for Fiscal Years 2008-09 and 2009-10 to the Highway Users Tax Fund and the Capital Construction Fund. See “STATE FINANCIAL INFORMATION – Budget Process and Other Considerations – *Revenues and Unappropriated Amounts.*”

¹⁴ Figures reported in this column are considered preliminary because they are based on the OSPB September 2010 Revenue Forecast, which was released before the State’s Fiscal Year 2009-10 CAFR.

¹⁵ This excess amount is due to a one time transfer of \$458,057,698 from specified cash funds to the General Fund on June 30, 2009.

Sources: State Treasurer’s Office and OSPB September 2010 Revenue Forecast

Discussion of Recent General Fund Operations

The following is a discussion of the General Fund revenues for the past five Fiscal Years. The amount of General Fund revenues received in prior years is not necessarily indicative of the amount of revenues to be expected for any future Fiscal Years. All figures are approximate unless otherwise stated. See also “General Fund Revenue Sources” below.

Fiscal Year 2009-10 (Preliminary Unaudited). The following information is taken from the OSPB September 2010 Revenue Forecast and was based on unaudited preliminary figures.

General Fund revenues decreased by 4.3% in Fiscal Year 2009-10 compared to a decrease of 12.9% in Fiscal Year 2008-09. In Fiscal Year 2009-10, sales and use tax revenues decreased by 6.0% compared to a decrease of 9.1% in Fiscal Year 2008-09. Other excise tax revenues increased 0.9% compared to a decline of 1.7% in Fiscal Year 2008-09. Corporate and individual income tax collections decreased 3.7% compared to a decrease of 15.6% in Fiscal Year 2008-09. Other revenues declined 1.1% in Fiscal Year 2009-10 compared to a decline of 0.2% in Fiscal Year 2008-09. Total available funds for expenditure in Fiscal Year 2009-10 (which excludes the amount deposited into the State Education Fund) were \$6,850.7 million and total obligations were \$6,704.9 million. In accordance with Amendment 23, \$329.0 million was diverted to the State Education Fund. The General Funds statutory reserve was \$132.1 million. As permitted by SB 09-277, the Unappropriated Reserve was lowered to 2.0% of Fiscal Year appropriations.

Fiscal Year 2008-09. Comprehensive General Fund revenues decreased by 12.9% in Fiscal Year 2008-09 compared to an increase of 2.7% in Fiscal Year 2007-08. In Fiscal Year 2008-09, sales and use tax revenue decreased by 9.1% compared to an increase of 4.9% in Fiscal Year 2007-08. Other excise tax revenue declined 1.7% compared to a decline of 0.7% in Fiscal Year 2007-08. Corporate and individual income tax collections decreased 15.6% in Fiscal Year 2008-09 compared to an increase of 2.1% in Fiscal Year 2007-08. Other revenues declined 2.2% in Fiscal Year 2008-09 compared to a decline of 1.7% in Fiscal Year 2007-08. Total funds available for expenditure in Fiscal Year 2008-09 (which excludes the amount deposited into the State Education Fund) were \$7,826.3 million and total obligations were \$7,386.3 million. In accordance with Amendment 23, \$339.9 million was diverted to the State Education Fund. The General Fund statutory reserve was \$148.2 million. Per SB 09-277, the Unappropriated Reserve was lowered to 2.0% of Fiscal Year appropriations.

Fiscal Year 2007-08. General Fund revenues increased by 2.7% in Fiscal Year 2007-08 compared to an increase of 8.3% in Fiscal Year 2006-07. In Fiscal Year 2007-08, sales and use tax revenues increased by 4.9% compared to an increase of 4.1% in Fiscal Year 2006-07. Other excise tax revenue declined by 0.7% in Fiscal Year 2007-08 compared to an increase of 2.0% in Fiscal Year 2006-07. Corporate and individual income tax collections increased by 2.1% in Fiscal Year 2007-08 compared to an increase of 11.3% in Fiscal Year 2006-07. Other revenues declined by 1.7% in Fiscal Year 2007-08 compared to a decline of 7.2% in Fiscal Year 2006-07. Total available funds for Fiscal Year 2007-08 (which excludes the amount deposited into the State Education Fund) were \$7,766.9 million and total obligations were \$7,439.9 million. In accordance with Amendment 23, \$407.9 million was transferred to the State Education Fund, and in accordance with SB 97-1, \$238.1 million was transferred to the Highway Users Tax Fund. The General Fund year-end reserve was \$327.0 million, which was allocated as follows: \$283.5 million constituted the statutorily required Unappropriated Reserve for that Fiscal Year, and in accordance with HB 02-1310, two-thirds of the amount in excess of the 4% Unappropriated Reserve (\$29.0 million) was transferred to the Highway Users Tax Fund and one-third of such excess (\$14.5 million) was transferred to the Capital Construction Fund.

Fiscal Year 2006-07. General Fund revenues increased by 8.3% in Fiscal Year 2006-07 compared to an increase of 13.1% in Fiscal Year 2005-06. In Fiscal Year 2006-07, sales and use tax revenues increased by 4.1% compared to an increase of 5.7% in Fiscal Year 2005-06. The "Other Revenue" category of General Fund revenues decreased by 7.2% partially due to a \$6.0 million, or 88.5%, decrease in estate taxes which was due to the nearly complete phase out of federal estate taxes and related credit claimed by the State against those taxes. Total available funds for Fiscal Year 2006-07 (which excludes the amount deposited to the State Education Fund) were \$7,562.9 million and total obligations were \$7,046.6 million. In accordance with Amendment 23, \$395.1 million was transferred to the State Education Fund, and in accordance with SB 97-1, \$228.6 million was transferred to the Highway Users Tax Fund. The General Fund year-end reserve was \$516.3 million, which was allocated as follows: \$267.0 million constituted the statutorily required 4% Unappropriated Reserve, and in accordance with HB 02-1310, two-thirds of the Unappropriated Reserve in excess of the 4% Unappropriated Reserve requirement (\$166.2 million) was transferred to the Highway Users Tax Fund and one-third of such excess (\$83.1 million) was transferred to the Capital Construction Fund.

Fiscal Year 2005-06. General Fund revenues (including deposits to the State Education Fund per Amendment 23) grew 13.1% in Fiscal Year 2005-06, compared to an increase of 7.1% in Fiscal Year 2004-05. Sales and use tax revenues increased 5.7% in Fiscal Year 2005-06 compared to an increase of 5.2% in Fiscal Year 2004-05. Individual income tax revenues increased 17.9%, compared to an increase of 7.6% in Fiscal Year 2004-05. Total available funds for Fiscal Year 2005-06 (which excludes the amount deposited to the State Education Fund) were \$7,139.5 million and total obligations were \$6,451.1 million. In accordance with Amendment 23, \$357.2 million was transferred to the State Education Fund, and in accordance with SB 97-001, \$220.4 million was transferred to the Highway Users Tax Fund. The

General Fund year-end reserve was \$688.4 million, which was allocated as follows: \$251.7 million constituted the statutorily required 4% Unappropriated Reserve, and in accordance with HB 02-1310, two-thirds of the Unappropriated Reserve in excess of the 4% Unappropriated Reserve requirement (\$291.1 million) was transferred to the Highway Users Tax Fund and one-third of such excess (\$145.6 million) was transferred to the Capital Construction Fund.

General Fund Revenue Sources

The following is a description of the revenue sources to the General Fund. The major revenue sources are the individual income tax, the general sales and use tax and the corporate income tax. In Fiscal Year 2009-10, individual and corporate income taxes comprised approximately 65.7% of total General Fund revenues, and general sales and use taxes contributed approximately 29.2% of total General Fund revenues (General Fund revenues described above are before State Education Fund diversions). The OSPB forecasts that gross General Fund revenue will grow at a compound average annual rate of 6.4% between Fiscal Year 2009-10 and Fiscal Year 2012-13.

Individual Income Tax. The largest source of General Fund revenues is receipts generated by the individual income tax. Individual income tax revenues comprised 60.2% of total General Fund revenues (total receipts before State Education Fund diversions) in Fiscal Year 2009-10, and are forecast by the OSPB to comprise 59.9% of total General Fund revenues in Fiscal Year 2010-11 and 60.6% of total General Fund revenues in Fiscal Year 2011-12. Individual income tax revenues increased by 17.9% in Fiscal Year 2005-06, 11.3% in Fiscal Year 2006-07, 2.1% in Fiscal Year 2007-08, and decreased 12.9% in Fiscal Year 2008-09 and 5.8% in Fiscal Year 2009-10. The OSPB forecasts that Fiscal Year 2010-11 individual income tax revenues will increase by 4.7% over Fiscal Year 2009-10.

Corporate Income Tax. Corporate income tax revenues accounted for 5.5% of total General Fund revenues (total receipts before State Education Fund diversions) in Fiscal Year 2009-10, and are forecast by the OSPB to comprise 5.0% of total General Fund revenues in Fiscal Year 2010-11 and 6.0% of total General Fund revenues in Fiscal Year 2011-12. Corporate tax receipts are the most volatile revenue source for the General Fund. In Fiscal Year 2005-06, corporate income tax receipts increased 42.0% due to one-time revenue received from the repatriation of corporate foreign earnings under the American Jobs Creation Act of 2004. Corporate income tax receipts increased 11.3% in Fiscal Year 2006-07, 2.0% in Fiscal Year 2007-08, and decreased 42.4% in Fiscal Year 2008-09. Corporate income tax receipts increased in Fiscal Year 2009-10 by 27.2%.

Sales and Use Taxes. Sales and use tax receipts accounted for 29.2% of General Fund revenue (total receipts before State Education Fund diversions) in Fiscal Year 2009-10, and are forecast by the OSPB to comprise 30.1% of total General Fund revenues in Fiscal Year 2010-11 and 28.9% of total General Fund revenues in Fiscal Year 2011-12. Sales and use tax revenues increased 5.7% in Fiscal Year 2005-06, 4.1% in Fiscal Year 2006-07 and 4.9% in Fiscal Year 2007-08, and decreased 9.1% and 6.0% in Fiscal Year 2008-09 and Fiscal Year 2009-10, respectively. Per SB 09-212 and SB 09-275, the State retained the full amount allowable from the 2.9% sales tax rate, without a reduction for administrative costs associated with vendors collecting the tax in Fiscal Year 2009-10 and vendors will continue to remit the full amount of taxes collected for Fiscal Year 2010-11. In addition, the State expects to receive additional sales taxes as a result of the elimination of the sales tax exemptions on cigarettes pursuant to HB 09-1342.

Other Excise Taxes. In addition to the State sales and use tax, the State imposes excise taxes on the sale of cigarettes, tobacco products and liquor. These other excise tax receipts accounted for 1.4% of General Fund revenue (total receipts before State Education Fund diversions) in Fiscal Year 2009-10, and are forecast by the OSPB to comprise 1.2% of total General Fund revenues in Fiscal Year 2010-11. Other

excise tax revenues decreased 4.9% in Fiscal Year 2005-06, increased 2.0% in Fiscal Year 2006-07, decreased 0.7% in Fiscal Year 2007-08, decreased 1.7% in Fiscal Year 2008-09 and decreased 3.7% in Fiscal Year 2009-10.

In 2004, Colorado voters passed Amendment 35, which increased the tax on all tobacco products by 20% and increased the tax on cigarettes by \$0.60 per pack beginning in 2005. This caused a decline in sales of cigarettes and other tobacco products which in turn contributed to the large decline in other excise tax revenues in Fiscal Year 2005-06 and the decline in tobacco and cigarette tax revenues in Fiscal Year 2006-07 and thereafter. The additional revenues generated by the tax are TABOR exempt. Therefore, while cash collections increased as a result of the additional tax, General Fund revenues declined as the number of cigarette and other tobacco products purchased decreased. The additional cash collections are deposited to the Tobacco Tax Cash Fund created by Amendment 35.

Other Revenues. This category includes a diverse group of revenues such as estate taxes, insurance taxes, pari-mutuel taxes, interest income, court receipts, gaming taxes and other income, and as a group are relatively volatile. Other revenues accounted for 3.8% of total General Fund revenues (total receipts before State Education Fund diversions) in Fiscal Year 2009-10, and are forecast by the OSPB to comprise 3.7% of total General Fund revenues in Fiscal Year 2010-11, and 3.3% of total General Fund revenues in Fiscal Year 2011-12. As a whole, revenues in this category declined 17.3% in Fiscal Year 2005-06, 7.2% in Fiscal Year 2006-07, 1.7% in Fiscal Year 2007-08 and 2.2% in Fiscal Year 2008-09. The large decrease in Fiscal Year 2005-06 was a result of HB 06-1201, which redirected approximately \$24.0 million of Limited Gaming Cash Fund revenue that was previously transferred to the General Fund to the Colorado Travel and Tourism Promotion Fund (\$18.0 million), the State Council on the Arts Cash Fund (\$1.5 million), the Film Incentives Cash Fund (\$0.5 million) and the New Jobs Incentives Cash Fund (\$3.0 million). SB 07-246 transferred \$7.0 million from the Limited Gaming Cash Fund revenues to the Clean Energy Fund, and the remainder of \$6.5 million remained in the General Fund. In Fiscal Year 2007-08 and thereafter, all moneys from the Limited Gaming Cash Fund that previously would have been transferred to the General Fund were instead transferred to the Clean Energy Fund. However, to alleviate the shortfall in Fiscal Year 2008-09, approximately \$2.8 million was transferred to the General Fund rather than to the Clean Energy Fund. Similar transfers to the General Fund from limited gaming revenues occurred in Fiscal Year 2009-10 in the amount of \$16.2 million and are anticipated to be in the amount of \$33.2 million in Fiscal Year 2010-11 based on current law. The OSPB forecasts that other revenues will increase 5.1% in Fiscal Year 2010-11 and decrease 5.3% in Fiscal Year 2011-12.

Historical and Projected Major Tax Receipts. The following table sets forth the State's receipts from major taxes for the past five Fiscal Years, as well as current OSPB estimates for Fiscal Years 2010-11 and 2011-12. See also "OSPB Revenue and Economic Forecasts" below and the inside cover of this Official Statement regarding forward-looking statements.

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State of Colorado
Receipts from Major Taxes
(Dollar amounts expressed in millions)

	Actual					OSPB Estimate ¹	
	Fiscal Year 2005-06	Fiscal Year 2006-07	Fiscal Year 2007-08	Fiscal Year 2008-09	Fiscal Year 2009-10	Fiscal Year 2010-11	Fiscal Year 2011-12
Individual Income Tax	\$4,376.1	\$4,870.9	\$4,973.7	\$4,333.3	\$4,083.8	\$4,276.8	\$4,716.7
Change from Prior Year	17.9%	11.3%	2.1%	(12.9)%	(5.8)%	4.7%	10.3%
Corporate Income Tax	\$447.4	\$497.9	\$507.9	\$292.5	\$372.1	\$357.8	\$469.6
Change from Prior Year	42.0%	11.3%	2.0%	(42.4)%	27.2%	(3.8)%	31.3%
Sales and Use Tax ^{(2), (3)}	\$2,123.2	\$2,209.5	\$2,317.9	\$2,107.8	\$1,980.7	\$2,152.9	\$2,245.8
Change from Prior Year	5.7%	4.1%	4.9%	(9.1)%	(6.0)	10.9%	4.3%
Other Excise Taxes	\$92.2	\$94.0	\$93.3	\$91.7	\$92.3	\$88.6	\$91.9
Change from Prior Year	(4.9)%	2.0%	(0.7)%	(1.7)%	0.7%	(4.0)%	3.7%
Other Revenues	\$282.9	\$262.5	\$258.1	\$252.4	\$254.6	\$267.7	\$253.3
Change from Prior Year	(17.3)%	(7.2)%	(1.7)%	(2.2)%	(1.1)%	5.1%	(5.3)%

¹ OSPB September 2010 Revenue Forecast. Projections for individual, corporate and sales tax revenue in these years incorporate the impact from the Governor's budget balancing proposals, including revenue enhancement proposals from the elimination or suspension of State tax exemptions and credits. See "Individual Income Tax," "Corporate Income Tax" and "Sales and Use Taxes" above.

² For Fiscal Years 2006-07, 2007-08 and 2008-09, a portion of net sales and use tax revenues was required to be diverted to the Highway Users Tax Fund if General Fund revenues were sufficient to fund appropriations and maintain the Unappropriated Reserve. This requirement was repealed for Fiscal Year 2009-10. The full amount of sales and use taxes collected are reported in this table although the amount diverted to the Highway Users Tax Fund is deducted from available revenues in the General Fund Overview table above.

³ Sales tax figures for Fiscal Year 2008-09 include the impact of SB 09-212, which reduced vendor allowances from 3.33% to 1.35% of all sales tax revenue. In addition, per SB 09-275, no vendor allowance is allowed in Fiscal Years 2009-10 or 2010-11, and HB 09-1342 eliminated the \$0.84 cigarette tax exemption for Fiscal Years 2009-10 and 2010-11.

Source: Office of State Planning and Budgeting

Revenue Estimation

Revenue Estimating Process. The State relies on revenue estimation as the basis for establishing aggregate funds available for expenditure for its appropriation process. By statute, the OSPB is responsible for developing a General Fund revenue estimate. The General Assembly is required to certify to the State Controller by February 1st of each year the revenue estimate for the next Fiscal Year, taking into consideration the estimates of the OSPB and the staff of the Colorado Legislative Council. No later than June 20th prior to the beginning of each Fiscal Year, and no later than September 20th, December 20th and March 20th within each Fiscal Year, the Governor, with the assistance of the State Controller and the OSPB, is required to make an estimate of General Fund revenues for the current and certain future years. The revenue estimates are not binding on the General Assembly in determining the amount of General Fund revenues available for appropriation for the ensuing Fiscal Year. The revenue estimates may be subject to more frequent review and adjustment in response to significant changes in economic conditions, policy decisions and actual revenue flow.

The OSPB begins estimating revenue by obtaining macroeconomic forecasts for national and State variables. The national forecast was provided by Action Economics for the OSPB September 2010 Revenue Forecast. The OSPB forecasts the State economy using a model originally developed partly in-house and partly by consultants to the State.

The model of the State economy is updated quarterly. This model is comprised of numerous dynamic regression equations and identities. Action Economics' forecasts for national variables are inputs to many of the Colorado equations. The model of the State economy generates forecasts of key

indicators such as employment, retail sales, inflation and personal income. These forecasts are then used as inputs to revenue forecasts for income tax receipts, corporate collections, sales tax receipts, etc.

The econometric model used to forecast General Fund revenue relies on the economic series estimated using the model of the State economy discussed above. The models used for forecasting General Fund revenues incorporate changes in policy, both State and federal, as well as changes in the economic climate and historical patterns. The General Fund models are comprised of regression equations for many of the revenue categories. There are three main categories of tax revenues: excise tax receipts, income tax receipts and other tax receipts. The General Fund models forecast the majority of the categories of General Fund receipts separately. For example, the model forecasts each type of income tax receipt (withholding, estimated payments, cash with returns and refunds) individually and then aggregates the numbers to arrive at a net individual income tax receipts forecast. However, for corporate income tax receipts and sales tax collections, the model forecasts only the aggregate amount for these revenues. For many of the smaller tax revenue categories, simple trend analyses are utilized to derive a forecast.

Revenue Shortfalls. The State's Fiscal Year budgets are prepared and surplus revenues are determined using the modified accrual basis of accounting in accordance with the standards promulgated by the Governmental Accounting Standards Board ("GASB"), with certain statutory exceptions. As a result, although the Fiscal Year budgets are balanced and, based upon current forecasts, there is anticipated to be an Unappropriated Reserve, the State may experience temporary and cumulative cash shortfalls. This is caused by differences in the timing of the actual receipt of cash revenues and payment of cash expenditures by the State compared to the inclusion of such revenues and expenditures in the State's Fiscal Year budgets on an accrual basis, which does not take into account the timing of when such amounts are received or paid.

Whenever the Governor's revenue estimate for the current Fiscal Year indicates that General Fund expenditures for such Fiscal Year, based on appropriations then in effect, will result in the use of one-half or more of the Unappropriated Reserve, the Governor is required to formulate a plan for the General Fund expenditures so that the Unappropriated Reserve as of the close of the Fiscal Year will be at least one-half of the required amount. The Governor is required by statute to notify the General Assembly of the plan and to promptly implement it by: (i) issuing an executive order to suspend or discontinue, in whole or in part, the functions or services of any department, board, bureau or agency of the State government; (ii) approving the action of other State officials to require that heads of departments set aside reserves out of the total amount appropriated or available (except the cash funds of the State Department of Education); or (iii) after a finding of fiscal emergency by a joint resolution of the General Assembly approved by the Governor, taking such actions necessary to be utilized by each principal department and institution of higher education to reduce State personnel expenditures.

The OSPB September 2010 Revenue Forecast projected a Fiscal Year 2010-11 shortfall in excess of one-half of the 4% Unappropriated Reserve requirement for such Fiscal Year, and thus in October 2010 the Governor implemented the procedures described below for Fiscal Year 2010-11. See "*Budgetary Reduction Measures for Fiscal Year 2010-11*" and "OSPB Revenue and Economic Forecasts – *Revenue Forecast*" below.

Budgetary Reduction Measures for Fiscal Year 2010-11. Based on the June 21, 2010, OSPB economic and revenue forecast, Fiscal Year 2010-11 General Fund appropriations exceeded projected revenues for that Fiscal Year by \$59.1 million. The Governor's Office therefore submitted a budget balancing plan to the JBC on August 23, 2010, to address this \$59.1 million shortfall, as well as an additional \$67.2 million shortfall associated with anticipated Medicaid federal funds falling below previously budgeted levels, and the associated \$1.3 million General Fund reserve adjustment. The total budget balancing plan on August 23, 2010, was therefore for \$127.6 million.

The OSPB September 2010 Revenue Forecast states that after adjusting for the August 23, 2010, budget balancing action taken by the Governor, a revised shortfall is projected at \$256.9 million for Fiscal Year 2010-11. On October 22, 2010, the Governor presented a budget balancing plan providing balancing measures totaling \$296.5 million to the General Fund, including \$226.6 million in General Fund expenditures reductions (primarily to K-12 education programs), \$65.4 million associated with net transfers to the General Fund from cash funds (primarily from severance tax funds) and \$4.5 million reflecting a reduction of the Unappropriated Reserve since such reserve is a percentage of the Fiscal Year 2010-11 General Fund expenditures which are to be reduced.

While many of the Governor's budget balancing actions have already been made operational by the executive branch, as required by statute, the General Assembly must adopt the Governor's plans through legislative action prior to the Fiscal Year 2010-11 budget being balanced.

The next OSPB revenue forecast will be released on December 20, 2010. General Fund revenue projections in the new forecast may be materially different from the OSPB September 2010 Revenue Forecast and may project an additional revenue shortfall. Due to the volatility in the State and national economies, on average the last six forecasts from the OSPB have been significantly lower than the immediately preceding forecast, and such volatility may be reflected in the December 2010 forecast. If an additional revenue shortfall is projected for Fiscal Year 2010-11, further budget cuts will be necessary to ensure a balanced budget. A further cash shortfall may adversely affect the State's ability to fund any deficiency in the Principal Subaccount of the Series 2010 Notes Repayment Account on June 28, 2011. See "SELECTED STATE FUNDS ELIGIBLE FOR INVESTMENT IN DISTRICT NOTES IN THE EVENT OF DEFAULT IN THE REPAYMENT OF PROGRAM LOANS."

OSPB Revenue and Economic Forecasts

The OSPB prepares quarterly revenue estimates and is currently forecasting for Fiscal Year 2010-11 through Fiscal Year 2012-13. The forecasts are based on historical patterns, with economic and legislative changes explicitly included in the models that forecast revenue growth, and include both State and national economic forecasts. The most recent OSPB Revenue Forecast was issued on September 20, 2010, and is summarized below.

Prospective investors are cautioned that any forecast is subject to uncertainties, and inevitably some assumptions used to develop the forecasts will not be realized, and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasted and actual results, and such differences may be material. No representation or guaranty is made herein as to the accuracy of the forecasts. See also the inside cover of this Official Statement regarding forward-looking statements.

Revenue Forecast. Based on the 2010 legislative session, Fiscal Year 2010-11 General Fund appropriations subject to limitation under Section 24-75-201.1, C.R.S. equal \$6,940.3 million, an increase of 4.7% over final Fiscal Year 2009-10 appropriations of \$6,631.4 million. However, due to Fiscal Year 2009-10 and Fiscal Year 2010-11 budget balancing measures and the anticipated reduction in federal matching funds for Medicaid, Fiscal Year 2010-11 General Fund expenditure need is \$93.0 million more than currently appropriated. Of this additional amount, \$67.2 million is due to reductions at the national level regarding enhanced federal funding for Medicaid; \$28.1 million is due to the two week delay in Medicaid provider payments at the end of Fiscal Year 2009-10 that increased Fiscal Year 2010-11 expenditures; \$3.9 million is requested in September 20, 2010, emergency supplemental requests to the Joint Budget Committee; and all are partially offset by a reduction of \$6.2 million in General Fund expenditures resulting from the Governor's August 23 budget balancing plan. After incorporating these additional General Fund obligations, the forecast projects that General Fund obligations exceed projected revenues, after maintaining one-half of the current statutory reserve requirement of 4.0%, by \$256.9

million. See “Revenue Estimation – *Budgeting Reduction Measures for Fiscal Year 2010-11*” above for a description of the Governor’s proposed budget balancing plan in response to such projected shortfall.

The OSPB September 2010 Revenue Forecast projects revenues adequate to maintain the Fiscal Year 2011-12 minimum reserve required in Section 24-75-201.1, C.R.S., and to appropriate General Fund expenditures as high as \$7,055.7 million, which is \$279.3 million (4.1%) over projected Fiscal Year 2010-11 levels after adjusting for the current year projected shortfall. This increase in appropriations is slight considering continued high caseload levels for Medicaid and Corrections which are typical after recessionary periods, projected loss of enhanced federal financial participation in Medicaid when stimulus funding expires, and returning the General Fund Unappropriated Reserve to a full 4.0% statutory level.

See also “General Fund Overview” and “Revenue Estimation – *Budgetary Reduction Measures for Fiscal Year 2010-11*” above.

Economic Forecast. The OSPB quarterly revenue forecasts also include both Colorado and national economic forecasts. Slowing growth at the national level introduces new uncertainty at the State level. Reinforced by the summer months of 2010 providing less than expected economic improvement locally, mixed signals exist regarding the speed of economic recovery in Colorado. With little improvement seen in both employment and personal income growth in Colorado, downward revisions to previous OSPB projections were necessitated.

Employment. Employment growth in Colorado has yet to develop any discernable trend. Seasonally-adjusted nonagricultural employment has continued to decrease through April 2010. After a loss in June of 3,400 jobs, Colorado added just 1,900 jobs in July 2010.

Colorado nonagricultural employment decreased by 4.5% in 2009 and is expected to contract again at an annual rate of 1.7% for 2010. Education, health care, financial, and government sectors have been experiencing job gains through the second quarter of 2010, but it will take job gains across all of Colorado’s diverse economy to erase the losses experienced during the recession. Employment growth of 1.7% is expected on average from 2011 through 2013.

The unemployment rate in Colorado is forecast by the OSPB at 7.9% for 2010. That is up from 7.3% for 2009; however, this 2010 projection is nearly two percentage points below the forecasted national rate. The return of discouraged workers to the labor force will keep the unemployment rate above 6.0% through the forecast horizon.

Inflation. The Consumer Price Index (“CPI”) measures the average price of a specified market basket of goods and services purchased by consumers. Measured by the federal Bureau of Labor Statistics every six months for the Denver-Boulder-Greeley metropolitan area, the CPI identifies price fluctuations for many components, including: food, housing, medical care, transportation, education, energy, entertainment, etc.

As is the case at the national level, inflation expectations in Colorado are quite moderate in the near term. Calendar year 2009 realized an annual deflation rate of 0.6% in Colorado. Sluggish employment growth and weak personal consumption should hold inflation below historical averages in 2010.

The OSPB forecast is unchanged from its June 2010 forecast and projects 1.0% annual inflation in Colorado during 2010 with only modest increases throughout the forecast period.

Wages and Income. The first quarter of 2010 was the third consecutive quarterly increase in Colorado personal income since early 2008. Although Colorado is seeing growth in personal income, the driver of that growth has not been wage growth. Rather, transfer receipts have been the supporting factor

for most of the increases experienced as thousands of displaced workers continue to receive social benefits from the State. As such, despite growth in total, personal income growth attributable to economic stability has not yet materialized.

Personal income is closely linked to employment growth in Colorado. As the employment situation improves and Colorado begins to experience consistent job growth, personal income should benefit. Colorado personal income is forecast to increase by 1.7% in 2010. Annual average growth for personal income of 4.2% is forecast from 2010 through 2013.

Population and Migration. Population in Colorado is forecast to grow by 1.7% in 2010. The population growth rate has remained relatively steady over the past five years and is forecast to remain near 1.7% through 2013. The 2010 forecast shows migration of 43,659 equating individual reactions to Colorado receiving attention throughout the recession for being a job creation leader.

Construction. Colorado nonresidential construction activity has continued to deteriorate since 2008. Colorado experienced back-to-back contractions in nonresidential construction of 12.5% and 22.4% during 2008 and 2009. Calendar year 2010 is forecast to decrease another 21.0%. The historically low interest rate environment present in the U.S. capital markets has yet to spur a return to nonresidential construction spending. This could be in part due to businesses' uncertain outlook towards the economy.

Residential housing permits in Colorado ended down 50.5% in 2009. The OSPB forecast for 2010 is an increase of 19.3% in permits. This is significantly reduced from the June forecast of a 44.8% increase. The removal of the federal home-buyer tax credit in late spring has brought new housing construction to a standstill. Weakness in both existing and new home sales has continued through the summer, and it is uncertain as to when the Colorado housing market will return to robust growth.

Metropolitan Home Price Values. Colorado home prices have fared better than the nation as a whole throughout the recession. The impending expiration of the federal home-buyer tax credit in April 2010 may have given some artificial support to Denver area home prices throughout the spring of 2010. Although year-over-year gains are still being seen in Denver, the past three month-over-month price changes have shown declining metro-area home prices.

Retail Trade. The current recession has had a marked impact on the Colorado consumer. Weak labor market conditions and decreases in household wealth have introduced significant uncertainty into future consumer behavior. Retail trade decreased 10.5% in 2009. As labor market conditions improve and personal income increases, retail purchases are anticipated to benefit. OSPB has lowered its September 2010 forecast based on a higher national savings rate and weakening consumer confidence throughout the summer months. Projected retail trade growth of 5.4% is forecast for 2010.

See also "APPENDIX B – CERTAIN STATE ECONOMIC AND DEMOGRAPHIC INFORMATION" for additional information relating to State's economy.

Investment of the State Pool

General. The investment of public funds by the State Treasurer is subject to the general limitations discussed in "STATE FINANCIAL INFORMATION – Investment and Deposit of State Funds." The State Treasurer has adopted investment policies further restricting the investment of State pool moneys, which includes the General Fund. The purpose of these investment policies is to limit investment risk by limiting the amount of the portfolio that may be invested in particular types of obligations, or in obligations of particular issuers or in particular issues, by imposing rating or financial criteria for particular types of investments more restrictive than those required by law, and by limiting the maximum term of certain types of investments. A minimum of 10% of the portfolio is required to be held

in U.S. Treasury securities. Any reverse repurchase agreements may be for interest rate arbitrage only, and not for liquidity or leverage purposes. Each reverse repurchase agreement and the total investment it is arbitrated against must be closely matched in both dollar amount and term.

Moneys invested by the State Treasurer are valued and “marked to market” on a monthly basis according to market prices provided by J.P. Morgan Chase, the State Treasury’s investment safekeeping bank.

Fiscal Years 2009-10 and 2010-11 (First Four Months) Investments of the State Pool. The following tables set forth the investment by category of the moneys in the State pool as of the end of each month in Fiscal Year 2009-10 and first four months of Fiscal Year 2010-11.

**State of Colorado
State Pool Portfolio Mix
Fiscal Year 2009-10
(Amounts expressed in millions)¹**

	July 2009	Aug 2009	Sept 2009	Oct 2009	Nov 2009	Dec 2009	Jan 2010	Feb 2010	Mar 2010	Apr 2010	May 2010	June 2010
Agency CMOs	\$ 287.2	\$ 279.9	\$ 273.4	\$ 312.2	\$ 305.8	\$ 299.3	\$ 292.6	\$ 316.3	\$ 335.3	\$ 327.4	\$ 320.2	\$ 313.0
Commercial Paper	100.0	0.0	0.0	0.0	40.0	419.9	350.0	136.0	245.0	110.0	180.0	214.9
U.S. Treasury Notes	657.2	647.1	656.6	661.3	631.2	680.6	680.4	685.6	730.5	740.3	675.3	675.2
Federal Agencies	3,928.6	3,543.6	3,506.7	3,433.6	3,021.9	2,515.9	3,065.5	3,003.6	3,089.9	3,697.3	3,792.2	3,586.7
Asset-Backed Securities	606.0	580.9	553.6	542.3	532.6	521.1	513.4	492.6	482.6	467.8	432.2	400.0
Money Market	372.0	357.0	267.0	235.0	300.0	300.0	300.0	280.0	195.0	140.0	180.0	190.0
Corporates	385.6	385.6	368.8	355.6	371.0	373.0	365.1	385.1	380.1	374.2	367.7	379.7
Certificates of Deposit	46.5	41.0	38.5	36.7	31.3	31.0	30.5	30.5	30.5	30.4	29.5	27.3
Totals	\$6,383.1	\$5,835.1	\$5,664.6	\$5,576.7	\$5,233.8	\$5,140.8	\$5,597.5	\$5,329.7	\$5,488.9	\$5,887.4	\$5,977.1	\$5,786.8

¹ This table includes all moneys in the State pool, which includes the General Fund, Borrowable Resources and other moneys that are invested by the State Treasurer.

Source: State Treasurer’s Office

**State of Colorado
State Pool Portfolio Mix
First Four Months of Fiscal Year 2010-11
(Amounts expressed in millions)¹**

	July 2010	Aug 2010	Sept 2010	Oct 2010
Agency CMOs	\$ 306.0	\$ 299.2	\$ 291.7	\$ 283.8
Commercial Paper	118.0	205.0	322.0	65.0
U.S. Treasury Notes	675.2	675.1	675.1	675.1
Federal Agencies	3,348.0	2,813.0	2,772.0	2,829.1
Asset-Backed Securities	386.5	367.1	350.4	316.0
Money Market	200.0	185.0	200.0	160.0
Corporates	364.6	357.9	370.8	368.3
Certificates of Deposit	25.8	24.0	21.8	21.5
Totals	\$5,424.1	\$4,926.3	\$5,003.8	\$4,718.8

¹ This table includes all moneys in the State pool, which includes the General Fund, Borrowable Resources and other moneys that are invested by the State Treasurer.

Source: State Treasurer’s Office

General Fund Cash Flow

General Fund cash flow deficits are attributable to several categories of loans and expenditures by the State throughout each Fiscal Year, including public school distributions, medical assistance and grants and contract purchased services. The State Treasurer has certain administrative powers to remedy negative balances, including the ability to both issue tax and revenue anticipation notes in anticipation of the receipt of revenues in the General Fund and use Borrowable Resources. The Governor also has authority to impose spending restrictions, and the General Assembly may defer certain payments from

one Fiscal Year to the next, if necessary, to ensure that the General Fund will not end any Fiscal Year with a negative fund balance. See “STATE FINANCIAL INFORMATION – The State Treasurer.”

The following tables present on a cash basis the actual cash flows of the General Fund for Fiscal Year 2009-10, and the actual and estimated cash flows for the General Fund for Fiscal Year 2010-11, by total categories of receipts and disbursements. The tables are based on revenue and expenditure projections prepared on the modified accrual basis of accounting, with accounting adjustments made by the State Treasurer to arrive at a cash basis presentation. The tables should be read in conjunction with the information set forth above in this section.

Monthly cash flow projections for Fiscal Year 2010-11 are based upon (i) the General Fund appropriations for Fiscal Year 2010-11 adopted by the General Assembly, (ii) historical experience as adjusted to reflect economic conditions, (iii) statutory and administrative changes and anticipated payment dates for payrolls and (iv) the OSPB September 2010 Economic Forecast discussed in “OSPB Revenue and Economic Forecasts” above. Unforeseen events or variations from underlying assumptions may cause an increase or decrease in receipts and/or disbursements from those projected for a given month, which may adversely affect the projections of cash flow estimated for Fiscal Year 2010-11. Additionally, the timing of transactions from month to month may vary from the forecasts. See the inside cover of this Official Statement regarding forward-looking statements.

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**State of Colorado
General Fund Cash Flow
Fiscal Year 2009-10
Current Law**

(Amounts expressed in millions; totals may not add due to rounding)

	Jul 2009	Aug 2009	Sept 2009	Oct 2009	Nov 2009	Dec 2009	Jan 2010	Feb 2010	Mar 2010	Apr 2010	May 2010	Jun 2010	Total
Beginning Cash and Investments Balance	\$ 278.3												\$ 278.3
Revenues:													
General Fund Revenue:													
Sales and Use Tax	172.5	\$ 173.0	\$ 179.9	\$ 173.5	\$ 163.1	\$ 165.3	\$ 198.2	\$ 150.1	\$ 152.3	\$ 170.1	\$ 164.5	\$ 116.6	1,979.1
Individual Income Tax	309.7	257.1	360.3	329.2	293.4	311.5	440.7	126.8	160.1	457.9	316.9	413.4	3,777.0
Corporate Income Tax	5.4	3.1	73.6	27.6	(21.2)	30.0	25.3	4.0	41.3	66.7	13.6	80.6	350.0
Other	58.4	16.7	17.9	41.0	28.2	0.1	19.4	51.7	63.4	125.2	43.5	167.8	633.3
Total General Fund Revenue	546.0	449.9	631.7	571.3	463.5	506.9	683.6	332.6	417.1	819.9	538.5	778.4	6,739.4
Augmenting Revenue – Primarily Federal Revenue ¹	184.9	386.1	437.4	350.8	493.3	483.0	372.9	443.0	483.4	330.6	447.7	1,106.6	5,519.7
Total Revenues	730.9	836.0	1,069.1	922.1	956.8	989.9	1,056.5	775.6	900.5	1,150.5	986.2	1,885.0	12,259.1
Expenditures ¹ :													
Payroll	133.3	122.5	114.7	115.4	114.4	95.1	112.1	108.2	109.6	106.2	107.6	125.9	1,365.0
Medical Assistance	250.2	311.1	226.1	223.1	337.3	285.7	192.9	309.6	245.4	410.7	409.1	279.0	3,480.2
Public School Distribution	782.1	(12.1)	774.0	0.2	1.7	769.3	2.8	0.3	769.6	0.3	0.2	2.0	3,090.4
Higher Education Distribution	4.0	42.7	--	8.0	4.0	36.9	--	--	0.1	--	--	(2.1)	93.6
Grants and Contracts	43.2	256.3	304.4	203.4	235.4	290.6	247.8	238.0	269.7	235.4	242.0	434.6	3,000.8
Other	125.1	214.6	98.8	111.7	129.8	132.2	66.7	98.2	67.9	(39.1)	37.8	158.4	1,202.1
Total Expenditures	(1,337.9)	(935.1)	(1,518.0)	(661.8)	(822.6)	(1,609.8)	(622.3)	(754.3)	(1,462.3)	(713.5)	(796.7)	(997.8)	(12,232.1)
Total Revenues and Beginning Cash and Investments													
Minus Total Expenditures	(328.7)	(99.1)	(448.9)	260.3	134.2	(619.9)	434.2	21.3	(561.8)	437.0	189.5	887.2	(305.3)
Revenue Accrual Adjustment	116.8	(16.6)	(31.7)	51.2	(79.6)	48.7	10.0	13.6	(36.1)	3.3	7.4	(54.3)	(32.7)
Expenditure Accrual Adjustment	(280.2)	69.0	(1.2)	(85.2)	51.6	28.9	(10.3)	(18.6)	76.3	79.9	(145.6)	256.1	20.7
Extraordinary Items Impacting Cash:													
TABOR Refund	--	--	--	--	--	--	--	--	--	--	--	--	--
Net Transfer In/Out – From/To Cash Funds Per Statute	(319.4)	--	--	--	--	--	--	--	12.3	--	--	--	(307.1)
Homestead Exemption	--	--	--	--	--	--	--	--	--	(1.0)	--	--	(1.0)
General Fund Notes – Including Premium and Interest	659.4	--	--	--	--	--	--	--	--	--	--	(662.1)	(2.7)
Capital Construction Transfer	(2.0)	--	--	--	--	--	--	--	--	--	--	--	(2.0)
Reserve Transfer to Highway Users Tax Fund	--	--	--	--	--	--	--	--	--	--	--	--	--
Reserve Transfer to Capital Construction Fund	--	--	--	--	--	--	--	--	--	--	--	--	--
Actual/Projected Monthly Cash Change	(154.1)	(46.7)	(481.8)	226.3	106.2	(542.3)	433.9	16.3	(509.3)	519.2	51.3	426.9	45.9
General Fund Cash Balance End of Month	\$ (154.1)	\$ (200.8)	\$ (682.6)	\$ (456.3)	\$ (350.1)	\$ (892.4)	\$ (458.5)	\$ (442.2)	\$ (951.5)	\$ (432.3)	\$ (381.0)	\$ 45.9	

¹ Balances do not reflect receipt or expenditure of Recovery Act funds.

Source: State Treasurer's Office

State of Colorado
Estimated General Fund Cash Flow
Fiscal Year 2010-11
Current Law

(Amounts expressed in millions; totals may not add due to rounding)

	Actual				Estimated ¹								Total
	July 2010	Aug 2010	Sept 2010	Oct 2010	Nov 2010	Dec 2010	Jan 2011	Feb 2011	Mar 2011	Apr 2011	May 2011	June 2011	
Beginning Cash and Investments Balance	\$ 46.0												\$ 46.0
Revenues:													
General Fund Revenue: ¹													
Sales and Use Tax	184.9	\$ 163.1	\$ 189.2	\$ 186.5	\$ 172.0	\$ 174.3	\$ 209.0	\$ 158.2	\$ 160.6	\$ 179.3	\$ 173.4	\$ 186.3	2,136.8
Individual Income Tax	288.0	300.9	406.0	286.2	313.8	333.2	431.4	115.6	171.2	489.8	339.0	448.7	3,923.7
Corporate Income Tax	(10.9)	9.4	86.2	13.5	(23.5)	33.2	28.0	4.4	45.8	73.9	15.1	76.2	351.4
Other	57.3	17.1	12.6	38.9	(15.7)	(37.2)	12.2	42.4	23.9	153.6	(30.5)	123.6	398.2
Total General Fund Revenue	519.3	490.5	694.0	525.1	446.6	503.5	680.6	320.7	401.5	896.6	496.9	834.8	6,810.0
Augmenting Revenue – Primarily Federal Revenue ²	255.1	485.5	540.7	373.6	444.1	462.5	377.3	430.3	464.7	343.9	423.8	1,041.4	5,642.8
Total Revenues	774.4	976.0	1,234.7	898.7	890.7	966.0	1,057.8	751.0	866.2	1,240.5	920.7	1,876.1	12,452.8
Expenditures ² :													
Payroll	121.2	126.9	115.0	115.0	115.5	96.0	113.2	109.3	110.7	107.2	108.7	125.6	1,364.3
Medical Assistance	348.8	352.9	292.9	287.1	345.2	292.4	197.4	316.8	251.1	420.3	418.6	280.2	3,803.6
Public School Distribution	845.0	4.1	665.4	1.8	1.8	810.1	2.9	0.3	810.5	0.3	0.2	2.1	3,144.6
Higher Education Distribution	--	46.8	--	4.0	1.6	14.8	--	--	--	--	--	(0.8)	66.4
Grants and Contracts	49.5	281.1	336.4	159.2	246.8	304.7	259.8	249.6	282.8	246.8	253.7	285.8	2,956.3
Other	108.3	223.3	85.8	110.0	100.6	292.7	125.7	92.1	85.8	(20.1)	(79.9)	247.35	1,371.4
Total Expenditures:	(1,472.8)	(1,035.1)	(1,495.5)	(677.1)	(811.5)	(1,810.7)	(699.1)	(768.0)	(1,540.9)	(754.5)	(701.3)	(940.2)	(12,706.6)
Total Revenues and Beginning Cash and Investments													
Minus Total Expenditures	(652.4)	(59.1)	(260.8)	221.6	79.2	(844.7)	358.7	(17.0)	(674.7)	486.0	219.4	936.0	(207.8)
Revenue Accrual Adjustment	119.9	(44.6)	7.2	46.7	(32.1)	4.5	2.0	(0.3)	(1.9)	10.2	(52.5)	(17.6)	41.5
Expenditure Accrual Adjustment	(213.1)	97.7	(1.5)	(88.1)	20.4	(6.3)	17.6	(11.3)	8.8	45.9	(13.8)	(191.1)	(334.7)
Extraordinary Items Impacting Cash:													
TABOR refund	--	--	--	--	--	--	--	--	--	--	--	--	--
Net Transfer In/Out – From/To Cash Funds Per Statute	--	--	--	--	--	--	--	--	--	--	--	--	--
Homestead Exemption	--	--	--	--	--	--	--	--	--	(1.0)	--	--	(1.0)
The Series 2010A Notes – Including Interest	--	--	--	--	--	500	--	--	--	--	--	(500.8)	(0.8)
Capital Construction Transfer	--	--	--	--	--	--	--	--	--	--	--	--	--
Reserve Transfer to Highway Users Tax Fund	--	--	--	--	--	--	--	--	--	--	--	--	--
Reserve Transfer to Capital Construction Fund	--	--	--	--	--	--	--	--	--	--	--	--	--
Actual/Projected Monthly Cash Change	(745.6)	(6.0)	(255.1)	180.2	67.6	(346.5)	378.3	(28.6)	(667.9)	541.1	153.1	727.3	(502.8)
General Fund Cash Balance End of Month	\$ (745.6)	\$ (751.6)	\$ (1,006.7)	\$ (826.5)	\$ (758.9)	\$ (1,105.4)	\$ (727.0)	\$ (755.6)	\$ (1,423.5)	\$ (882.3)	\$ (729.2)	\$ (502.8)	

¹ General Fund revenues are derived from the OSPB September 2010 Revenue Forecast, and all other amounts for November 2010 and thereafter are estimates made by the Treasurer's office. No representation or guaranty is made herein that such forecasted amounts will be realized.

² Balances do not reflect receipt or expenditure of Recovery Act funds.

Source: State Treasurer's Office

APPENDIX D

DTC BOOK-ENTRY SYSTEM

The information in this appendix concerning DTC and DTC's book-entry system has been obtained from DTC and contains statements that are believed to describe accurately DTC, the method of effecting book-entry transfers of securities distributed through DTC and certain related matters, but the State takes no responsibility for the accuracy or completeness of such statements. Beneficial Owners should confirm the following information with DTC or the DTC Participants.

None of the State, the State Treasurer, the Deputy Treasurer, the Chief Financial Officer of the Department of the Treasury, the State Controller or the Financial Advisor has any responsibility or obligation to any Beneficial Owner with respect to (i) the accuracy of any records maintained by DTC or any DTC Participant, (ii) the distribution by DTC or any DTC Participant of any notice that is permitted or required to be given to the registered owners of the Series 2010B Notes under the State Resolution, (iii) the payment by DTC or any DTC Participant of any amounts received under the State Resolution with respect to the Series 2010B Notes, (iv) any consent given or other action taken by DTC or its nominee as the owner of Series 2010B Notes or (v) any other related matter.

DTC will act as securities depository for the Series 2010B Notes. The Series 2010B Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2010B Note certificate will be issued for the Series 2010B Notes, in the aggregate principal amount thereof, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has S&P's highest rating: "AAA." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org. The State undertakes no responsibility for and makes no representations as to the accuracy or the completeness of the content of such material contained on such websites as described in the preceding sentence, including, but not limited to, updates of such information or links to other internet sites accessed through the aforementioned websites.

Purchases of Series 2010B Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2010B Notes on DTC's records. The ownership interest of each Beneficial Owner is in turn recorded on the records of Direct and Indirect Participants. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as

periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2010B Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2010B Notes except in the event that use of the book-entry system for the Series 2010B Notes is discontinued.

To facilitate subsequent transfers, all Series 2010B Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2010B Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2010B Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2010B Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2010B Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2010B Notes, such as redemptions, defaults and proposed amendments to the State Resolution. For example, Beneficial Owners of Series 2010B Notes may wish to ascertain that the nominee holding the Series 2010B Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of the notices be provided directly to them.

Redemption notices will be sent to DTC. If less than all of the Series 2010B Notes are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Series 2010B Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2010B Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments with respect to the Series 2010B Notes will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the State or the State Treasurer on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participants and not of DTC, the Paying Agent or the State, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments with respect to the Series 2010B Notes to Cede & Co., or to such other nominee as may be requested by an authorized representative of DTC, is the responsibility of the State or the Paying Agent, disbursement of such payments to Direct Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2010B Notes at any time by giving reasonable notice to the State. Under such circumstances, in the event

that a successor securities depository is not obtained, Series 2010B Note certificates are required to be printed and delivered as provided in the State Resolution.

The State may at any time decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository) with respect to the Series 2010B Notes. In that event, Series 2010B Note certificates will be printed and delivered to DTC.

* * *



APPENDIX E

FORM OF OPINION OF BOND COUNSEL

[Closing Date]

The Honorable Cary Kennedy
Treasurer of the State of Colorado

\$325,000,000
State of Colorado
Education Loan Program Tax and Revenue Anticipation Notes
Series 2010B

Ladies and Gentlemen:

We have examined the laws of the State of Colorado (the “State”), the laws of the United States of America relevant to the opinions herein, and a certified transcript of the record of the proceedings taken preliminary to and simultaneously with the issuance by the State Treasurer (the “Treasurer”) of the “State of Colorado, Education Loan Program Tax and Revenue Anticipation Notes, Series 2010B,” in the aggregate principal amount of \$325,000,000 dated as of the date of their issuance (the “Notes”).

The Notes mature, bear interest, are transferable and payable, as to principal and interest at the times, in the manner, and subject to the conditions and limitations, provided in the resolution of the State Treasurer, adopted and approved on December 7, 2010, authorizing the issuance of the Notes (the “Resolution”). Proceeds of the Notes will be used to, among other things, fund loans to participating State school districts (the “Participating Districts”) pursuant to a loan program administered by the State Treasurer.

As to questions of fact material to our opinion, we have relied upon representations of the State and Participating Districts contained in the certified proceedings and other certifications furnished to us, without undertaking to verify the same by independent investigation.

Based upon such examination and, for purposes of paragraph 3 below, assuming continuous compliance with the covenants and representations contained in such proceedings and other documents, it is our opinion as Bond Counsel that under existing laws, regulations, rulings and judicial decisions:

1. The State is duly created and validly existing as a body corporate and politic with the corporate power to issue the Notes and perform the agreements on its part contained therein.
2. The Notes have been duly authorized, executed and delivered by the State and are valid and binding obligations of the State, enforceable against the State in accordance with the terms of the Resolution. The “Series 2010 Notes Repayment Account”, to be established pursuant to the terms of the Resolution, and the Pledged Revenues, as defined in the Resolution, are irrevocably pledged to the payment of the principal of and interest on the Notes when due. The owners of the Notes are equally and ratably secured by a first lien, but not an exclusive first lien, on the Series 2010 Notes Repayment Account and the moneys credited thereto.
3. Interest on the Notes is excluded from gross income for federal income tax purposes and is not a specific preference item nor included in adjusted current earnings for purposes of the federal alternative minimum tax. The opinion in the preceding sentence assumes the accuracy of certain

representations and compliance by the State and Participating Districts with covenants designed to satisfy the requirements of the Internal Revenue Code of 1986, as amended, that must be met subsequent to the issuance of the Notes. Failure to comply with such requirements could cause interest on the Notes to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Notes.

4. Interest on the Notes is not included in Colorado taxable income or Colorado alternative minimum taxable income under present Colorado income tax laws.

It is to be understood that the rights of the owners of the Notes and the enforceability of the Notes may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the enforcement of creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the reasonable exercise by the State and its governmental bodies of the police power inherent in the sovereignty of the State and to the exercise of judicial discretion in appropriate cases in accordance with general principles of equity.

We express no opinion herein as to any matter not specifically set forth above. In particular, but without limitation, we express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the Notes.

The scope of our engagement has not extended beyond the examinations and the rendering of the opinions expressed herein. Our engagement as Bond Counsel with respect to the transaction referred to herein terminates upon the date of this letter. We assume no obligation to review or supplement this letter subsequent to its date, whether by reason of a change in the current laws, by legislative or regulatory action, by judicial decision or for any other reason. No one other than the addressees hereof shall be entitled to rely upon this opinion without our prior written consent.

* * *