

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 by the State and the 2009A Participating K-12 Institutions, the Series 2009A Certificates are "qualified school construction bonds" within the meaning of Section 54F of the Internal Revenue Code of 1986, as amended (the "Code"). Owners of Series 2009A Certificates and Owners of any Tax Credit Strips (which may be created by the Stripping of any Series 2009A Certificates in accordance with the 2009A Supplemental Indenture) as of the applicable Credit Allowance Date (as defined herein) are entitled, subject to the limitations on the amount of credit set forth in Code Section 54A(c), to a federal income tax credit for such taxable year ("Tax Credit"). With regard to the Tax Credits which have not been Stripped from the related Series 2009A Certificates, the amount of the Tax Credit will be treated as interest for federal income tax purposes and will be included in gross income for the Owners of Series 2009A Certificates. With regard to Tax Credit Strips and Principal Strips, the amount of original issue discount accruing thereon during each taxable year will be included in gross income by the Owner of such instrument. Under existing Colorado statutes, interest on and income from the Series 2009A Certificates, Principal Strips or Tax Credit Strips, including the amount of the Tax Credit that is treated as interest for federal income tax purposes, is exempt from taxation and assessments in the State of Colorado. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the receipt of the Tax Credit or the accrual or receipt of the deemed interest on the Series 2009A Certificates. See "TAX MATTERS" herein.

THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT IS NOT INTENDED TO BE USED, AND CANNOT BE USED, BY A PURCHASER OF THE SERIES 2009A CERTIFICATES FOR THE PURPOSE OF AVOIDING FEDERAL TAX PENALTIES. EACH PURCHASER OF SERIES 2009A CERTIFICATES IS URGED TO CONTACT AN INDEPENDENT TAX ADVISOR CONCERNING AN INVESTMENT IN SERIES 2009A CERTIFICATES.



\$87,145,000
STATE OF COLORADO
BUILDING EXCELLENT SCHOOLS TODAY
CERTIFICATES OF PARTICIPATION
QUALIFIED SCHOOL CONSTRUCTION, SERIES 2009A

Dated: Date of Delivery

Due: March 15, 2024

The Series 2009A Certificates are being executed and delivered as fully registered certificates in denominations of \$40,000 and integral multiples thereof, provided that one Series 2009A Certificate may be in a smaller denomination to the extent the aggregate principal amount of the Series 2009A Certificates exceeds \$40,000 and any integral multiple thereof. The Series 2009A Certificates are being issued as "qualified school construction bonds" as defined in Section 54F of the Code and are comprised of principal components (the "Principal Components") and tax credit components (the "Tax Credit Components") evidenced by the Tax Credit Coupons associated with each Series 2009A Certificate (the "Tax Credit Coupons"). The Series 2009A Certificates do not bear interest. The amount of the Tax Credit available to Owners of Series 2009A Certificates which have not been Stripped will be treated as interest for federal income tax purposes and will be included in gross income for the Owners of Series 2009A Certificates. Subject to the discussion provided under "THE SERIES 2009A CERTIFICATES – Subsequent Tax Credit Stripping" herein, the ownership of the Tax Credit Coupons associated with each Series 2009A Certificate may be separated (or "Stripped") from the Principal Components, following which, the Tax Credit Coupons would be registered separately from the Principal Components (a "Tax Credit Strip") and the Principal Components would then be registered as a principal strip (a "Principal Strip"). The amount of original issue discount accruing on the Tax Credit Strips and Principal Strips each taxable year will be included in income by the Owner of such instrument. For federal income tax purposes, United States taxpayers who own Series 2009A Certificates or a Tax Credit Strip on the Credit Allowance Dates in each calendar quarter will be entitled to a credit against federal income tax. See "THE SERIES 2009 CERTIFICATES – The Tax Credit Program" and "TAX MATTERS" herein.

The Series 2009A Certificates will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York. DTC initially will act as securities depository for the Series 2009A Certificates. Individual purchases will be made in book-entry form only. Purchasers of the Series 2009A Certificates will not receive physical delivery of certificates, all as more fully described herein. Payments on the Series 2009A Certificates will be made by the Trustee, as paying agent, to DTC for disbursements to its participants for subsequent disbursement to the beneficial owners of the Series 2009A Certificates, as more fully described herein. *Capitalized terms used but not defined on this cover page have the meanings assigned to them in the Master Indenture attached as Appendix B to this Official Statement.*

The Series 2009A Certificates will be executed and delivered pursuant to and secured by a Master Trust Indenture (the "Master Indenture") and a Series 2009A Supplemental Trust Indenture (the "2009A Supplemental Indenture"), each dated as of the date of delivery of the Series 2009A Certificates by Zions First National Bank, Denver, Colorado, as trustee (the "Trustee"). (The Master Indenture, as supplemented by the 2009A Supplemental Indenture and as further supplemented and amended from time to time, is referred to as the "Indenture"). The Series 2009A Certificates are the initial Series of Certificates to be executed and delivered pursuant to the Indenture. The Series 2009A Certificates and additional series of certificates executed and delivered in the future pursuant to the Indenture (collectively, the "Certificates") will be paid and secured on a parity and will evidence undivided interests in the right to certain payments by the State under the annually renewable Series 2009A Lease Purchase Agreement dated as of the date of delivery of the Series 2009A Certificates (the "2009A Lease") and other annually renewable lease-purchase agreements to be entered into in the future between the Trustee, as lessor, and the State of Colorado, acting by and through the State Treasurer (the "State"), as lessee. (The 2009A Lease and such other annually renewable lease-purchase agreements, collectively, are referred to as the "Leases"). Pursuant to applicable statutes enacted in the 2008 and 2009 sessions of the Colorado General Assembly, the State will pay Rent under the Leases, subject to the terms of the Leases, from moneys in the Public School Capital Construction Assistance Fund (the "Assistance Fund"). In accordance with such statutes, the Assistance Fund is funded from revenues received by the State from: (i) a portion of the rental income and royalties derived from State school lands; (ii) a portion of the State lottery proceeds; (iii) payments under the Matching Money Bonds from certain K-12 public schools for which the projects are financed; and (iv) if the amount in the Assistance Fund is insufficient to pay the full amount of the payments due to be made under the Leases, moneys that the Colorado General Assembly transfers to the Assistance Fund from any other legally available sources.

The net proceeds of the Certificates will be used to pay the costs of projects for K-12 public school institutions (the "Participating K-12 Institutions") that are reviewed, prioritized and recommended by the Public School Capital Construction Assistance Board (the "Assistance Board") for approval by the State Board of Education (the "State Board"), to pay the costs of issuance of the Certificates and to make deposits to funds and accounts held by the Trustee under the Master Indenture. The net proceeds of the Series 2009A Certificates will be used to pay the costs of certain projects approved by the State Board (the "2009A Projects") for certain Participating K-12 Institutions as further described herein (the "2009A Participating K-12 Institutions") and to pay the costs of issuance of the Series 2009A Certificates.

Upon the occurrence of an Event of Default or Event of Nonappropriation under any Lease, the Trustee will be entitled to exercise certain remedies with respect to the Leased Property that the State has leased from the Trustee pursuant to the Leases, subject to the terms of the Leases and the Indenture. The Leased Property will consist of the land and the buildings, structures and improvements now or hereafter located on such land that Participating K-12 Institutions have leased to the Trustee pursuant to Site Leases, the Trustee has leased to the State pursuant to a Lease and the State has subleased the same to such Participating K-12 Institutions pursuant to Subleases. The Leased Property subject to the 2009A Lease is referred to as the "2009A Leased Property" and is further described herein.

The Series 2009A Certificates are not subject to optional redemption prior to their stated maturity date, but are subject to mandatory redemption under certain circumstances, as more fully described herein.

Payment of Rent and all other payments by the State shall constitute currently appropriated expenditures of the State and may be paid solely from legally available moneys in the Assistance Fund, including any moneys appropriated or transferred by the Colorado General Assembly to the Assistance Fund from any legally available source if the amount of money in the Assistance Fund that is available to pay Rent will be insufficient to cover the full amount of Rent. All obligations of the State under the Leases shall be subject to the action of the Colorado General Assembly in annually making moneys available for payments thereunder. The obligations of the State to pay Rent and all other obligations of the State under the Leases are subject to appropriation by the Colorado General Assembly in its sole discretion, and shall not be deemed or construed as creating an indebtedness of the State within the meaning of any provision of the State Constitution or the laws of the State concerning or limiting the creation of indebtedness of the State and shall not constitute a multiple fiscal year direct or indirect debt or other financial obligation of the State within the meaning of Section 3 of Article XI or Section 20(4) of Article X of the State Constitution or any other limitation or provision of the State Constitution, State statutes or other State law. In the event the State does not renew any Lease, the sole security available to the Trustee, as lessor under the Leases, shall be the Leased Property leased under the Leases, subject to the terms of the Leases.

The Certificates evidence undivided interests in the right to receive Lease Revenues and shall be payable solely from the Trust Estate. No provision of the Certificates, the Indenture, any Lease, any Site Lease, any Sublease, any Matching Money Bond or any other document or instrument shall 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 Colorado General Assembly for Rent for such Fiscal Year; (ii) as creating a debt or multiple fiscal year direct or indirect debt or other financial obligation whatsoever of the State within the meaning of Section 3 of Article XI or Section 20 of Article X of the State Constitution or any other limitation or provision of the State Constitution, State statutes or other State law; (iii) as a delegation of governmental powers by the State; (iv) 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 Section 1 of Article XI of the State Constitution; or (v) as a donation or grant by the State to, or in aid of, any person, company or corporation within the meaning of Section 2 of Article XI of the State Constitution.

This cover page contains certain information for quick reference only. It is not a summary of the transaction. Each prospective investor should read this Official Statement in its entirety to obtain information essential to making an informed investment decision and should give particular attention to the section entitled "CERTAIN RISK FACTORS."

The Series 2009A Certificates are offered when, as and if delivered, subject to the approving opinion of Kutak Rock LLP, Denver, Colorado, as Bond Counsel, and certain other conditions. Sherman & Howard L.L.C. has acted as counsel to the State in connection with the preparation of this Official Statement. Certain legal matters will be passed upon for the State by the office of the Attorney General of the State, as counsel to the State. Hogan & Hartson LLP, Denver, Colorado, has acted as counsel to the Underwriters. Piper Jaffray & Co., Denver, Colorado, has acted as financial advisor to the State in connection with the offering and execution and delivery of the Series 2009A Certificates. It is expected that the Series 2009A Certificates will be executed and available for delivery through the facilities of DTC, on or about August 12, 2009.

RBC Capital Markets Corporation
George K. Baum & Company

J.P. Morgan
Stifel, Nicolas & Company, Incorporated

Dated: August 7, 2009

SUMMARY INFORMATION

Series 2009A Certificates:

<u>Maturity</u>	<u>Principal Amount</u>	<u>Tax Credit Rate</u>	<u>Price</u>	<u>CUSIP⁽¹⁾</u> <u>(19668Q)</u>
March 15, 2024	\$87,145,000	7.18%	100%	AA3

As and after principal is Stripped from the associated Tax Credits:

<u>Maturity</u>	<u>Principal Amount</u>	<u>CUSIP⁽¹⁾</u> <u>(19668Q)</u>
March 15, 2024	\$87,145,000	AB1

Tax Credit Coupons:

<u>Credit Allowance Date</u>	<u>Credit Amount</u>	<u>CUSIP⁽¹⁾</u> <u>(19668Q)</u>	<u>Credit Allowance Date</u>	<u>Credit Amount</u>	<u>CUSIP⁽¹⁾</u> <u>(19668Q)</u>
9/15/2009	\$ 573,559.34	AC9	3/15/2017	\$1,564,252.75	BJ3
12/15/2009	1,564,252.75	AD7	6/15/2017	1,564,252.75	BK0
3/15/2010	1,564,252.75	AE5	9/15/2017	1,564,252.75	BL8
6/15/2010	1,564,252.75	AF2	12/15/2017	1,564,252.75	BM6
9/15/2010	1,564,252.75	AG0	3/15/2018	1,564,252.75	BN4
12/15/2010	1,564,252.75	AH8	6/15/2018	1,564,252.75	BP9
3/15/2011	1,564,252.75	AJ4	9/15/2018	1,564,252.75	BQ7
6/15/2011	1,564,252.75	AK1	12/15/2018	1,564,252.75	BR5
9/15/2011	1,564,252.75	AL9	3/15/2019	1,564,252.75	BS3
12/15/2011	1,564,252.75	AM7	6/15/2019	1,564,252.75	BT1
3/15/2012	1,564,252.75	AN5	9/15/2019	1,564,252.75	BU8
6/15/2012	1,564,252.75	AP0	12/15/2019	1,564,252.75	BV6
9/15/2012	1,564,252.75	AQ8	3/15/2020	1,564,252.75	BW4
12/15/2012	1,564,252.75	AR6	6/15/2020	1,564,252.75	BX2
3/15/2013	1,564,252.75	AS4	9/15/2020	1,564,252.75	BY0
6/15/2013	1,564,252.75	AT2	12/15/2020	1,564,252.75	BZ7
9/15/2013	1,564,252.75	AU9	3/15/2021	1,564,252.75	CA1
12/15/2013	1,564,252.75	AV7	6/15/2021	1,564,252.75	CB9
3/15/2014	1,564,252.75	AW5	9/15/2021	1,564,252.75	CC7
6/15/2014	1,564,252.75	AX3	12/15/2021	1,564,252.75	CD5
9/15/2014	1,564,252.75	AY1	3/15/2022	1,564,252.75	CE3
12/15/2014	1,564,252.75	AZ8	6/15/2022	1,564,252.75	CF0
3/15/2015	1,564,252.75	BA2	9/15/2022	1,564,252.75	CG8
6/15/2015	1,564,252.75	BB0	12/15/2022	1,564,252.75	CH6
9/15/2015	1,564,252.75	BC8	3/15/2023	1,564,252.75	CJ2
12/15/2015	1,564,252.75	BD6	6/15/2023	1,564,252.75	CK9
3/15/2016	1,564,252.75	BE4	9/15/2023	1,564,252.75	CL7
6/15/2016	1,564,252.75	BF1	12/15/2023	1,564,252.75	CM5
9/15/2016	1,564,252.75	BG9	3/15/2024	1,564,252.75	CN3
12/15/2016	1,564,252.75	BH7			

⁽¹⁾ CUSIP numbers have been assigned by an independent company not affiliated with the State and are included on this cover page solely for the convenience of the Owners of the Series 2009A Certificates. Neither the Underwriters nor the State makes any representation with respect to the accuracy of such CUSIP numbers as indicated in the above tables or undertakes any responsibility for the selection of the CUSIP numbers or their respective accuracy now or at any time in the future. The CUSIP number for a specific maturity or any Credit Allowance Date is subject to being changed after the issuance of the Series 2009A Certificates.

USE OF INFORMATION IN THIS OFFICIAL STATEMENT

This Official Statement, which includes the cover page and the Appendices, does not constitute an offer to sell or the solicitation of an offer to buy any of the Series 2009A Certificates in any jurisdiction in which it is unlawful to make such offer, solicitation, or sale. No dealer, salesperson, or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement in connection with the offering of the Series 2009A Certificates, and if given or made, such information or representations must not be relied upon as having been authorized by the State of Colorado or the Underwriters.

The information set forth in this Official Statement has been obtained from the State, from the sources referenced throughout this Official Statement and from other sources believed to be reliable. No representation or warranty is made, however, as to the accuracy or completeness of information received from parties other than the State. In accordance with, and as part of, their responsibilities to investors under federal securities laws as applied to the facts and circumstances of this transaction, the Underwriters have reviewed the information in this Official Statement but do not guarantee its accuracy or completeness. This Official Statement contains, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation or warranty is made as to the correctness of such estimates and opinions, or that they will be realized.

The information, estimates, and expressions of opinion contained in this Official Statement are subject to change without notice, and neither the delivery of this Official Statement nor any sale of the Series 2009A Certificates shall, under any circumstances, create any implication that there has been no change in the affairs of the State or in the information, estimates, or opinions set forth herein, since the date of this Official Statement.

The Trustee has not participated in the preparation of this Official Statement or any other disclosure documents relating to the Series 2009A Certificates and does not have or assume any responsibility as to the accuracy or completeness of any information contained in this Official Statement or any other such disclosure documents.

This Official Statement has been prepared only in connection with the original offering of the Series 2009A Certificates and may not be reproduced or used in whole or in part for any other purpose.

The Series 2009A Certificates have not been registered with the Securities and Exchange Commission due to certain exemptions contained in the Securities Act of 1933, as amended. In making an investment decision, investors must rely on their own examination of the State, the Series 2009A Certificates and the terms of the offering, including the merits and risks involved. The Series 2009A Certificates have not been recommended by any federal or state securities commission or regulatory authority, and the foregoing authorities have neither reviewed nor confirmed the accuracy of this document.

THE PRICES AT WHICH THE SERIES 2009A CERTIFICATES ARE OFFERED TO THE PUBLIC BY THE UNDERWRITERS (AND THE YIELDS RESULTING THEREFROM) MAY VARY FROM THE INITIAL PUBLIC OFFERING PRICES OR YIELDS APPEARING ON THE COVER PAGE HEREOF. IN ADDITION, THE UNDERWRITERS MAY ALLOW CONCESSIONS OR DISCOUNTS FROM SUCH INITIAL PUBLIC OFFERING PRICES TO DEALERS AND OTHERS. IN ORDER TO FACILITATE DISTRIBUTION OF THE SERIES 2009A CERTIFICATES, THE UNDERWRITERS MAY ENGAGE IN TRANSACTIONS INTENDED TO STABILIZE THE PRICE OF THE SERIES 2009A CERTIFICATES AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

* * *

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OFFICIAL STATEMENT

\$87,145,000
STATE OF COLORADO
BUILDING EXCELLENT SCHOOLS TODAY
CERTIFICATES OF PARTICIPATION
QUALIFIED SCHOOL CONSTRUCTION, SERIES 2009A

INTRODUCTION

This Official Statement, including its cover page, inside front cover and appendices, provides information in connection with the delivery and sale of State of Colorado Building Excellent Schools Today Certificates of Participation, Qualified School Construction, Series 2009A (the “**Series 2009A Certificates**”). The Series 2009A Certificates are being delivered pursuant to a Master Trust Indenture (the “**Master Indenture**”) and a Series 2009A Supplemental Trust Indenture (the “**2009A Supplemental Indenture**”), each dated as of the date of delivery of the Series 2009A Certificates by Zions First National Bank, Denver, Colorado, as trustee (the “**Trustee**”). (The Master Indenture, as supplemented by the 2009A Supplemental Indenture and as further supplemented and amended from time-to-time, is referred to as the “**Indenture**”). The Series 2009A Certificates are the initial Series of Certificates (as defined in the Master Indenture attached hereto in **Appendix B**) to be executed and delivered pursuant to the Indenture. The Series 2009A Certificates and additional Series of Certificates executed and delivered in the future pursuant to the Indenture (collectively, the “**Certificates**”) will be paid and secured on a parity and will evidence undivided interests in the right to certain payments by the State under the annually renewable Series 2009A Lease Purchase Agreement dated as of the date of delivery of the Series 2009A Certificates (the “**2009A Lease**”) and other annually renewable lease-purchase agreements to be entered into in the future between the Trustee, as lessor, and the State of Colorado, acting by and through the State Treasurer (the “**State**”), as lessee. (The 2009A Lease and such other annually renewable lease-purchase agreements, collectively, are referred to as the “**Leases**.”). The Series 2009A Certificates are “qualified school construction bonds” pursuant to Section 54F of the Internal Revenue Code of 1986, as amended (the “**Code**”). The total amount of qualified school construction bonds issued nationally in calendar year 2009 is limited by the Code to \$11 billion, and the United States Secretary of the Treasury (the “**Secretary**”) has allocated a portion of such limit to the State (the “**Allocation**”) in the amount of \$87,147,000 and the principal amount of the Series 2009A Certificates will be deducted from the Allocation. Capitalized terms used herein and not otherwise defined have the meanings assigned to them in the Master Indenture attached as **Appendix B** hereto.

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 2009A Certificates to potential investors is made only by means of the entire Official Statement.

Changes from Preliminary Official Statement

This Official Statement contains changes made to the Preliminary Official Statement dated July 24, 2009. Such changes reflect: (i) pricing information; (ii) rating information on the cover and under the caption “RATINGS” herein; (iii) blacklined changes to the documents included in Appendix B hereto; (iv) information relating to the allocation of redemption price and use of moneys from the exercise of

remedies under the Indenture provided in Appendix I hereto; and (v) that \$49,980 of the amount to be deposited in the 2009A Project Account for Alamosa is expected to be spent on ground improvements on an adjacent property that does not constitute part of the 2009A Leased Property.

Authority for Delivery

The Series 2009A Certificates are being delivered pursuant to the Indenture, the American Recovery and Reinvestment Act of 2009 (the “**Recovery Act**”), Section 54F of the Code and under authority granted by the laws of the State, including certain statutes enacted in the 2008 and 2009 sessions of the Colorado General Assembly as further described herein. Pursuant to House Bill 08-1335 and Senate Bill 09-257 (each codified in part by Article 43.7 of Title 22, Colorado Revised Statutes, as amended) (the “**Act**”), the General Assembly has created the Public School Capital Construction Assistance Board (the “**Assistance Board**”) within the State Department of Education (the “**Department**”) and provided that the Assistance Board may authorize the execution by the State Treasurer of lease-purchase agreements and related instruments in order to fund the costs of certain capital construction projects (the “**Projects**”) that are reviewed, prioritized and recommended by the Assistance Board for approval by the State Board of Education (the “**State Board**”) for school districts, boards of cooperative services, charter schools or the Colorado School for the Deaf and Blind in the State to pay the costs of issuance of the Certificates and to make deposits to funds and accounts held by the Trustee under the Master Indenture. The 2009A Lease is being entered by the State in order to fund certain Projects already approved by the State Board in 2009 (the “**2009A State Board Approval**”) as described in “The 2009A Projects” under this caption for the 2009A Participating K-12 Institutions in accordance with the Act. See “The Program” and “The 2009A Participating K-12 Institutions” under this caption. See also “PLAN OF FINANCING – The Program” for further information about the Act.

The Assistance Fund

The Series 2009A Certificates will be payable solely from amounts annually appropriated by the Colorado General Assembly to make payments under the 2009A Lease, as described in “Sources of Payment for the Series 2009A Certificates” under this caption. The Act requires that, to the extent appropriated, such payments by the State be made from the Public School Capital Construction Assistance Fund (the “**Assistance Fund**”). In accordance with the Act, the Assistance Fund will be partially funded from a portion of rental income and royalties derived from State school lands, from Matching Moneys (as defined below), a portion of State lottery proceeds, and if the amount in the Assistance Fund is insufficient to pay the full amount due to be made under the Leases, moneys that the Colorado General Assembly transfers from any other legally available sources, including the State General Fund. The Act provides that matching moneys paid to the State by the 2009A Participating K-12 Institutions and other Participating K-12 Institutions in amounts approved by the State Board (“**Matching Moneys**”) as a condition to the financial assistance provided to 2009A Participating K-12 Institutions are to be deposited in the Assistance Fund. The obligations of the 2009A Participating K-12 Institutions to pay Matching Moneys to the State are to be evidenced by bonds issued by the 2009A Participating K-12 Institutions and delivered to the State (collectively, the “**Matching Money Bonds**”). **Matching Moneys and other amounts deposited in the Assistance Fund do not directly secure payment of the 2009A Certificates. Once Matching Moneys payable in installments pursuant to the Matching Money Bonds are deposited in the Assistance Fund, such amounts, together with other amounts deposited in the Assistance Fund, are available to be appropriated by the State to pay principal and interest on the Certificates.** See Appendix F for a description of the Assistance Fund and sources of its revenue.

Investors should closely review the financial and other information included in this Official Statement regarding the State, including the Assistance Fund and the State General Fund, to

evaluate any risks of nonappropriation by the Colorado General Assembly. See “STATE FINANCIAL INFORMATION” and Appendices A, E, F and G hereto.

The Program

The Colorado General Assembly has established the Building Excellent Schools Today Program (the “**Program**”) in order to implement the Act. The 2009A Lease is the initial lease-purchase agreement being entered into by the State in order to fund certain Projects as further described in “The 2009A Projects” under this caption (the “**2009A Projects**”). The Master Indenture permits the execution of other Leases or an amendment to the 2009A Lease and the execution and delivery of additional Series of Certificates under the Master Indenture, in order to fund additional Projects under the Program. See “THE SERIES 2009A CERTIFICATES – Additional Series of Certificates.” The State could choose to fund future Projects through certificates of participation which would not be issued pursuant to the Master Indenture. In such case, the related leased property would not secure the Series 2009A Certificates. The execution by the State of future Leases for additional Projects would require authorization by the State Board for any Projects not approved in the 2009A State Board Approval and by the Colorado General Assembly if the Rent payable under the 2009A Lease and the additional leases or an amendment to the 2009A Lease relating to such additional Series of Certificates would exceed the maximum aggregate annual lease payments permitted by the Act. For a description of the Program and such maximum aggregate annual lease payments, see “PLAN OF FINANCING – The Program.”

Purposes of the Series 2009A Certificates

Proceeds from the sale of the Series 2009A Certificates will be used to finance the Costs of the 2009A Projects for the 2009A Participating K-12 Institutions, as more fully described in “The 2009A Participating K-12 Institutions” under this caption and “PLAN OF FINANCING – The 2009A Projects and 2009A Participating K-12 Institutions.” Proceeds of the Series 2009A Certificates will also be used to pay the costs of issuance associated with the Series 2009A Certificates. See “PLAN OF FINANCING – Sources and Uses of Funds” for a description of the estimated uses of proceeds of the Series 2009A Certificates.

The 2009A Participating K-12 Institutions

Proceeds of the Series 2009A Certificates are expected to be used to fund the 2009A Projects for the benefit of the following school districts in Colorado (collectively, the “**2009A Participating K-12 Institutions**”): Alamosa School District, No. Re-11J, Sangre de Cristo School District, No. Re-22J and Sargent Re-33J. See “PLAN OF FINANCING – The 2009A Projects and 2009A Participating K-12 Institutions.”

The 2009A Projects

The 2009A Projects involve various capital projects for the 2009A Participating K-12 Institutions approved in the 2009A State Board Approval, at certain funding levels. In accordance with the terms of the 2009A Subleases between the State and the 2009A Participating K-12 Institutions, each of the Participating K-12 Institutions agrees to use proceeds of the Series 2009A Certificates made available by the State to construct the respective facilities. In accordance with the 2009A Lease, the State has agreed to cause such facilities to be constructed by causing a Participating K-12 Institution to comply with its related 2009A Sublease, but no failure of the related Participating K-12 Institution to comply with the relevant provisions of its 2009A Sublease will relieve the State of its obligation to cause the facilities to be constructed. See “PLAN OF FINANCING – The 2009A Projects and 2009A Participating K-12 Institutions” for further information about the 2009A Projects. Projects other than the 2009A Projects

may be funded by the issuance of additional Series of Certificates issued under the Master Indenture relating to a separate Lease or an amendment to the 2009A Lease but will require further authorization by the State Board for any Projects not approved in the 2009A State Board Approval and by the Colorado General Assembly if the Base Rent payable under the 2009A Lease and the additional Lease or an amendment to the 2009A Lease relating to such additional Series of Certificates would exceed the maximum aggregate annual lease payment permitted by the Act. See “Terms of the Series 2009A Certificates – Additional Series of Certificates” under this caption and “PLAN OF FINANCING – The Program.”

The 2009A Leased Property

Each of the 2009A Participating K-12 Institutions is entering into a Site Lease with the Trustee dated as of the date of delivery of the Series 2009A Certificates (the “**2009A Site Leases**”) pursuant to which, in each case, certain land owned by the respective 2009A Participating K-12 Institution and the buildings, structures and improvements now or hereafter located on such land (collectively, the “**2009A Leased Property**”) will be leased to the Trustee. See “SECURITY AND SOURCES OF PAYMENT – The 2009A Leased Property.” The 2009A Leased Property collectively with the additional Leased Property which may in the future be leased under additional Leases or amendments to the 2009A Lease is referred to herein as the “**Leased Property**.” The 2009A Leased Property is being leased by the Trustee to the State, pursuant to the 2009A Lease, and the State is subleasing the 2009A Leased Property to the respective 2009A Participating K-12 Institutions under certain Subleases each dated as of the date of delivery of the Series 2009A Certificates (the “**2009A Subleases**”). Any additional Leased Property which the State chooses to lease under additional Leases or amendments to the 2009A Lease will secure all holders of Certificates under the Master Indenture, including holders of the Series 2009A Certificates on a parity basis. The State may substitute other property for any portion of the Leased Property upon delivery to the Trustee of certain items as described in “SECURITY AND SOURCES OF PAYMENT – The 2009A Leased Property – Substitution of 2009A Leased Property.” **Upon any decision of the State not to appropriate and thereby terminate the 2009A Lease or any other Lease in a particular year, the State would relinquish its right to use all of the Leased Property (including the 2009A Leased Property) or any portion thereof through the term of the respective Site Leases. In such event, the 2009A Participating K-12 Institutions which are Sublessees will have the option to purchase a portion of the 2009A Leased Property under the respective 2009A Subleases upon certain conditions as further described herein. See “SECURITY AND SOURCES OF PAYMENT – The 2009A Leased Property – Sublessee’s Purchase Option.”**

Terms of the Series 2009A Certificates

Payments

The principal amount of the Series 2009A Certificates matures on March 15, 2024. The Series 2009A Certificates will not bear interest. Principal of the Series 2009A Certificates is payable when due upon surrender of the Series 2009A Certificates, or the Principal Strips, if the Tax Credit Components have been Stripped, at the office of the Trustee.

Tax Credits

The registered owner (an “**Owner**”) of a Series 2009A Certificate or a Tax Credit Strip on one or more quarterly Credit Allowance Dates (as defined herein) will be allowed a credit under the Code (the “**Tax Credits**”) against such Owner’s federal income tax liability. The Owners’ entitlement to the Tax Credits will be evidenced by coupons (the “**Tax Credit Coupons**”) attached to the Series 2009A

Certificates. See “THE SERIES 2009A CERTIFICATES – Tax Credit Program” and “TAX MATTERS” herein.

Transfer of Tax Credits

Subject to the discussion under “THE SERIES 2009A CERTIFICATES – Subsequent Tax Credit Stripping” herein, the Code provides that the entitlement to the Tax Credits may be separated (or “Stripped”) from the ownership of the Principal Components of the Series 2009A Certificates. Accordingly, the Tax Credit Coupons are transferable. In order for the Owners of the Series 2009A Certificates to transfer the Tax Credit Coupons, the Indenture provides a mechanism for the registration, transfer and exchange of the Tax Credits by the Owners of the Tax Credit Coupons. See “CERTAIN RISK FACTORS – Nature of Qualified School Construction Bonds,” “TAX MATTERS – Tax Credit Stripping” and the form of 2009A Supplemental Indenture attached hereto as part of **Appendix B**.

Denominations

The Series 2009A Certificates are deliverable in the authorized denomination of \$40,000 and integral multiples thereof, provided that one Series 2009A Certificate shall be in a smaller denomination to the extent the aggregate principal amount of the Series 2009A Certificates exceed \$40,000 and any integral multiple thereof.

Redemption

The Series 2009A Certificates are not subject to optional redemption prior to their stated maturity date but are subject to mandatory redemption under certain circumstances described herein under “THE SERIES 2009A CERTIFICATES – Redemption.”

Additional Certificates

The Master Indenture permits the execution and delivery of Series of Certificates in addition to the Series 2009A Certificates secured by the Trust Estate on parity with the Series 2009A Certificates, without notice to or approval of the owners of the Outstanding Series 2009A Certificates, as directed by the State and upon satisfaction of certain conditions, all as provided in the Master Indenture. For a description of these conditions, see “THE SERIES 2009A CERTIFICATES – Additional Series of Certificates.” If any Certificates in addition to the Series 2009A Certificates are executed and delivered, the 2009A Lease must be amended or an additional Lease shall be entered by the State to include as Leased Property thereunder such additional Leased Property, if any, as may be leased by the State in connection with the execution and delivery of such additional Certificates.

For a more complete description of the Series 2009A Certificates, the 2009A Lease, the 2009A Site Leases, the 2009A Subleases and the Indenture pursuant to which such Series 2009A Certificates are being executed and delivered, see “Forms of Master Indenture, Supplemental Indenture, 2009A Lease Purchase Agreement, 2009A Site Leases, and the 2009A Subleases” attached hereto in Appendix B.

Sources of Payment for the Series 2009A Certificates

The principal of the Series 2009A Certificates are payable solely from annually appropriated Base Rent, other Lease Revenues received by the Trustee pursuant to the Leases and other moneys in the Trust Estate in accordance with the terms of the Indenture. See “SECURITY AND SOURCES OF

PAYMENT.” The 2009A Lease provides that the obligation of the State to pay Base Rent and Additional Rent during the Lease Term shall, subject only to the other terms of the Lease, be absolute and unconditional and shall not be abated or offset for any reason related to the Leased Property and that, notwithstanding any dispute between the State and the Trustee or between the State or the Trustee and any other Person relating to the Leased Property, the State shall, during the Lease Term, pay all Rent when due; the State shall not withhold any Rent payable during the Lease Term pending final resolution of such dispute and shall not assert any right of set-off or counter-claim against its obligation to pay Rent, provided, however, that the payment of any Rent shall not constitute a waiver by the State of any rights, claims or defenses which the State may assert; and no action or inaction on the part of the Trustee shall affect the State’s obligation to pay Rent during the Lease Term.

The Leases provide that an Event of Nonappropriation shall be deemed to have occurred, subject to the State’s right to cure described below, on June 30 of any Fiscal Year if the Colorado General Assembly has, on such date, failed, for any reason, to appropriate sufficient amounts authorized and directed to be used to pay all Base Rent scheduled to be paid and all Additional Rent estimated to be payable in the next ensuing Fiscal Year. Notwithstanding the description of an Event of Nonappropriation in the preceding sentence, an Event of Nonappropriation shall not be deemed to occur if, on or before August 15 of the next ensuing Fiscal Year, (i) the Colorado General Assembly has appropriated amounts sufficient to avoid an Event of Nonappropriation as described in the preceding sentence and (ii) the State has paid all Rent due during the period from June 30 through the date of such appropriation.

If an Event of Nonappropriation has occurred, the Trustee may exercise any of the remedies described in the 2009A Lease, a form of which is attached hereto in **Appendix B**, including the sale or lease of the Trustee’s interest in the Leased Property, subject to the purchase option of certain Participating K-12 Institutions under the respective Subleases. Each such Participating K-12 Institution has the right under the respective Sublease to purchase all of the Leased Property subject to such Sublease following the occurrence of an Event of Default or Event of Nonappropriation under the Leases, by paying an amount equal to the principal amount of the Attributable Certificates through the closing date for the purchase of such Leased Property and to pay all Additional Rent payable through the date of conveyance of such Leased Property. The net proceeds from the exercise of such remedies will be applied toward the payment of the Certificates under the Master Indenture, including the Series 2009A Certificates as described in the form of Master Indenture attached hereto in **Appendix B**. **There can be no assurance that such proceeds will be sufficient to pay all of the principal due on the Series 2009A Certificates.**

The State has the option to terminate the 2009A Lease and release the 2009A Leased Property from the Indenture in connection with the defeasance of the Series 2009A Certificates by paying the State’s Purchase Option Price as described under “THE SERIES 2009A CERTIFICATES – State’s Purchase Option Price.” The State may also substitute other property for any portion of the Leased Property as described in “SECURITY AND SOURCES OF PAYMENT – The 2009A Leased Property – Substitution of 2009A Leased Property.”

Payment of Rent and all other payments by the State shall constitute currently appropriated expenditures of the State and may be paid solely from legally available moneys in the Assistance Fund, including any moneys appropriated or transferred by the Colorado General Assembly to the Assistance Fund from any legally available sources if the amount of money in the Assistance Fund that is available to pay Rent will be insufficient to cover the full amount of Rent. All obligations of the State under the Leases shall be subject to the action of the Colorado General Assembly in annually making moneys available for payments thereunder. The obligations of the State to pay Rent and all other obligations of the State under the Leases are subject to appropriation by the Colorado General Assembly in its sole discretion, and shall not be deemed or construed as creating

an indebtedness of the State within the meaning of any provision of the State Constitution or the laws of the State concerning or limiting the creation of indebtedness of the State and shall not constitute a multiple fiscal year direct or indirect debt or other financial obligation of the State within the meaning of Section 3 of Article XI or Section 20(4) of Article X of the State Constitution or any other limitation or provision of the State Constitution, State statutes or other State law. In the event the State does not renew any Lease, the sole security available to the Trustee, as lessor under the Leases, shall be the Leased Property leased under the Leases, subject to the terms of the Leases.

Certain Risks to Owners of the Series 2009A Certificates

Certain factors described in this Official Statement could affect the payment of Base Rent under the Leases (including the 2009A Lease) and could affect the market price of the Series 2009A Certificates to an extent that cannot be determined at this time. *Each prospective investor should read the Official Statement in its entirety to make an informed investment decision, giving particular attention to the section entitled "CERTAIN RISK FACTORS."*

Availability of Continuing Information

Upon delivery of the Series 2009A Certificates, the State will execute a Continuing Disclosure Undertaking in which it will agree, for the benefit of the owners of the Series 2009A Certificates, to file such ongoing information regarding the State as described in "CONTINUING DISCLOSURE" herein. A form of the Continuing Disclosure Undertaking is attached hereto as **Appendix C**.

Other Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change.

The quotations from, and summaries and explanations of, the statutes, regulations and documents contained herein do not purport to be complete and reference is made to said laws, regulations and documents for full and complete statements of their provisions. Copies, in reasonable quantity, of such laws, regulations and documents (including the Act) may be obtained during the offering period, upon request to the Underwriters at RBC Capital Markets Corporation, as Representative of the Underwriters, 1200 Seventeenth Street, Suite 2150, Denver, Colorado 80202, Attention: Public Finance Department, telephone number: (303) 595-1200.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the State or the 2009A Participating K-12 Institutions and the purchasers or holders of any of the Series 2009A Certificates.

PLAN OF FINANCING

The Program

The Series 2009A Certificates are being delivered pursuant to the Indenture and under authority granted by the Act. The Act created the Assistance Fund and authorizes the State Treasurer to enter into Leases for Projects approved by the State Board, provided that the maximum total amount of annual lease

payments payable by the State during any Fiscal Year under the 2009A Lease and all other outstanding Leases is less than the maximum total amount of annual lease payments set forth below. If the maximum total amount of annual lease payments of principal or interest payable by the State during any Fiscal Year under the 2009A Lease and all other outstanding Leases is greater than one-half of the maximum amount of annual lease payments set forth below, the aggregate amount of Matching Moneys expected to be credited to the Assistance Fund pursuant to the Act and any interest or income derived from the deposit and investment of the Matching Moneys must be at least equal to the annual amount of lease payments of principal and interest payable by the State during any Fiscal Year under the 2009A Lease and all other outstanding Leases that exceed one-half of the maximum total amount of annual lease payments set forth below. See **Appendix F** – “PUBLIC SCHOOL CAPITAL CONSTRUCTION ASSISTANCE FUND – Matching Moneys,” for a description of the Matching Moneys expected to be credited to the Assistance Fund. The maximum total amount of annual lease payments referenced above are:

- (i) \$20 million for the 2008-09 Fiscal Year;
- (ii) \$40 million for the 2009-10 Fiscal Year;
- (iii) \$60 million for the 2010-11 Fiscal Year; and
- (iv) \$80 million for the 2011-12 Fiscal Year and for each Fiscal Year thereafter.

For example, if the total amount of annual lease payments payable by the State in Fiscal Year 2009-10 was \$25 million, the State would need to expect at the time it enters into a Lease that at least \$5 million in aggregate Matching Moneys would be credited to the Assistance Fund in Fiscal Year 2009-10.

The annual lease payments due under the 2009A Leases in any Fiscal Year during the term of the 2009A Leases are expected to be less than one-half of the maximum total amounts set forth above. See “BASE RENT.”

The Colorado General Assembly has established the Program in order to implement the Act. The State Board has approved certain projects for certain K-12 Institutions as Projects for funding under the Program. Certain of these Projects are being funded as the 2009A Projects. See “The 2009A Projects and 2009A Participating K-12 Institutions” below for a description of the 2009A Projects. The 2009A Lease is the initial lease-purchase agreement being entered by the State in order to finance the 2009A Projects. The Master Indenture permits the execution of other Leases and the execution and delivery of additional Series of Certificates issued under the Master Indenture on a parity basis, in order to fund additional Projects under the Program. See “THE SERIES 2009A CERTIFICATES – Additional Series of Certificates.” The State could choose to fund future Projects through certificates of participation which would not be issued pursuant to the Master Indenture. In such case, the related leased property would not secure the Series 2009A Certificates. The execution by the State of future leases or an amendment to the 2009A Lease for additional Projects, would require authorization by the State Board and would require additional authorization from the General Assembly to the extent that Rent under the 2009A Lease and such additional leases would exceed the annual lease payment limits described above.

Sources and Uses of Funds

The estimated sources and uses of funds relating to the Series 2009A Certificates are set forth in the following table.

	<u>Estimated Amount</u>
SOURCES OF FUNDS:	
Par amount of Series 2009A Certificates.....	\$87,145,000
TOTAL SOURCES OF FUNDS	<u>\$87,145,000</u>
USES OF FUNDS:	
Deposit to 2009A Project Accounts of Capital Construction Fund.....	\$85,909,342 ⁽¹⁾
For costs of issuance, including Underwriters' discount ⁽²⁾	<u>1,235,658</u>
TOTAL USES OF FUNDS	<u>\$87,145,000</u>

- (1) The difference between this amount and the aggregate total project cost of \$86,038,700 shown in the table below is \$129,358 representing expected investment earnings to be used to pay a portion of the costs of the 2009A Projects.
- (2) Such amount (other than the Underwriters' discount) shall be deposited to the Costs of Issuance Account of the Capital Construction Fund and shall be used to pay costs of issuance including legal fees, rating agency fees, printing costs and financial advisors' fees. For information concerning the Underwriters' discount, see "UNDERWRITING."

The 2009A Projects and 2009A Participating K-12 Institutions

The following table describes the 2009A Participating K-12 Institutions and Projects expected to be funded as the 2009A Projects using proceeds of the Series 2009A Certificates, the related Matching Money obligation and total cost of the related 2009A Project.

2009A Projects and 2009A Participating K-12 Institutions

<u>2009A Participating K-12 Institution</u>	<u>2009A Project Description</u>	<u>Matching Moneys⁽¹⁾</u>	<u>Total Project Cost</u>
Alamosa School District No. Re-11J	Two new elementary schools	\$10,484,032	\$39,432,655
Sangre de Cristo School District, No. Re-22J	One new K-12 school	4,176,375	23,909,250
Sargent Re-33J	One new junior/senior high school, renovation of an elementary school and gym	5,023,825	<u>22,696,795</u>
			<u>\$86,038,700</u>

- (1) Under the Act, the respective amounts shown on this chart as Matching Moneys are required to be funded as described in **Appendix F** hereto by the related 2009A Participating K-12 Institution. See the form of 2009A Subleases "-- Costs of Sublessee's Project" in **Appendix B** attached hereto. **Matching Moneys and other amounts deposited in the Assistance Fund do not directly secure payment of the Series 2009A Certificates. Once Matching Moneys are deposited in the Assistance Fund, such amounts, together with other amounts on deposit in the Assistance Fund, are available to be appropriated by the Colorado General Assembly to pay principal on the Series 2009A Certificates.** See **Appendix F** for a description of the sources of revenue of the Assistance Fund.

Under the 2009A Subleases, the 2009A Participating K-12 Institutions will agree to construct and use the respective 2009A Projects in a manner which satisfies the restrictions of the Internal Revenue Code and the Act. In accordance with the terms of the 2009A Subleases between the State and the 2009A Participating K-12 Institutions, each of the 2009A Participating K-12 Institutions agrees to use proceeds

of the Series 2009A Certificates received from the Trustee to construct the respective facilities. In accordance with the 2009A Lease, the State has agreed to cause such facilities to be constructed by causing a 2009A Participating K-12 Institution to comply with its related 2009A Sublease, but no failure of the related 2009A Participating K-12 Institution to comply with the relevant provisions of its 2009A Sublease will relieve the State of its obligation to cause the facilities to be constructed. See “SECURITY AND SOURCES OF PAYMENT – The 2009A Leased Property – The 2009A Subleases and Matching Money Bonds” and “CERTAIN RISK FACTORS – Actions under the 2009A Subleases.”

THE SERIES 2009A CERTIFICATES

Generally

General information describing the Series 2009A Certificates appears elsewhere in this Official Statement. That information should be read in conjunction with this summary, which is qualified in its entirety by the forms of the 2009A Site Leases, the 2009A Lease, the 2009A Subleases, the Master Indenture, the 2009A Supplemental Indenture and the form of Series 2009A Certificates included in the 2009A Supplemental Indenture, all as attached hereto in **Appendix B** hereto.

The Series 2009A Certificates will be dated August 12, 2009. The Series 2009A Certificates will be issued in fully registered form only, coming due as a single maturity on March 15, 2024. The Series 2009A Certificates do not bear interest, but include a Tax Credit Component (as described below). Principal is payable when due upon surrender of the Series 2009A Certificates, or the Principal Strips, if the Tax Credit Components have been Stripped, at the office of the Trustee. The form of the Series 2009A Certificates, including the Tax Credit Coupon, is set forth at “APPENDIX H – Form of Series 2009A Certificate and Tax Credit Coupon.” The Series 2009A Certificates will be executed and delivered as fully registered certificates in the denomination of \$40,000 or any integral multiple thereof, provided that one Series 2009A Certificate may be in a smaller denomination to the extent the aggregate principal amount of the Series 2009A Certificate exceeds \$40,000 or any integral multiple thereof. Principal of the Series 2009A Certificates will be payable to the registered owner (initially, Cede & Co.) upon presentation and surrender of the Series 2009A Certificates to the Trustee in Denver, Colorado.

Book-Entry System

DTC will act as securities depository for the Series 2009A Certificates and, if Stripped, the Principal Strips and the Tax Credit Strips. The Series 2009A Certificates will be executed and delivered 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 certificate will be executed and delivered for each maturity of the Series 2009A Certificates in the aggregate principal amount of such maturity, 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 Standard & Poor'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 2009A Certificates and, if Stripped, the Tax Credit Strips under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2009A Certificates on DTC's records. The ownership interest of each actual purchaser ("**Beneficial Owner**") of each Series 2009A Certificate and, if Stripped, the Tax Credit Coupon is in turn to be recorded on the Direct and Indirect Participants' records. 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 2009A Certificates and, if Stripped, the Tax Credit Strips 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 Series 2009A Certificates or, if Stripped, the Tax Credit Strips, except in the event that use of the book-entry system for the Series 2009A Certificates is discontinued.

To facilitate subsequent transfers, all Series 2009A Certificates and, if Stripped, the Tax Credit Strips 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 2009A Certificates and, if Stripped, the Tax Credit Strips 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 2009A Certificates and, if Stripped, the Tax Credit Strips; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities 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 the Series 2009A Certificates may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Series 2009A Certificates, such as redemption, tenders, defaults and proposed amendments to the underlying documents. For example, Beneficial Owners of the Series 2009A Certificates and, if Stripped, the Tax Credit Strips may wish to ascertain that the nominee holding the Series 2009A Certificates and, if Stripped, the Tax Credit Strips 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 Trustee and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2009A Certificates within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2009A Certificates unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Trust or the Lessee 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 Series 2009A Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and redemption proceeds on the Series 2009A Certificates 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 Trustee, on payable dates 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 Participant and not of DTC nor its nominee, Trustee or the State, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and redemption proceeds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the State or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2009A Certificates and, if Stripped, the Tax Credit Strips at any time by giving reasonable notice to the Lessee or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Series 2009A Certificates and, if Stripped, the Tax Credit Strips are required to be printed and delivered as described in the Indenture.

The Trustee, at the direction of the Lessee, may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Series 2009A Certificates and, if Stripped, the Tax Credit Strips will be printed and delivered as described in the Indenture.

DTC assumes no responsibility for the processing of Tax Credits, whether or not Stripped, by the Beneficial Owners thereof, nor will it play any role in the process by which a Beneficial Owner might claim all or a ratable share of a Tax Credit against its federal income tax liability arising while the Series 2009A Certificates are outstanding. Beneficial Owners shall have the sole responsibility for claiming Tax Credits and resolving any impact that ownership of the Tax Credits may have upon their federal income tax or State personal income tax liability as a consequence of ownership thereof.

The foregoing description of the procedures and record keeping with respect to beneficial ownership interests in the Series 2009A Certificate and, if Stripped, payment of principal and other payments on the Series 2009A Certificates to Direct Participants, Indirect Participants, or Beneficial Owners, confirmation and transfer of beneficial ownership interest in such Series 2009A Certificates, and other related transactions by and between DTC, the Direct Participants, the Indirect Participants, and the Beneficial Owners is based solely on information provided by DTC. Such information has been

obtained from sources that the State believes to be reliable, but the State take no responsibility for the accuracy thereof. Accordingly, no representations can be made concerning these matters and neither the Direct Participants, the Indirect Participants, nor the Beneficial Owners should rely on the foregoing information with respect to such matters but should instead confirm the same with DTC or the Direct Participants, as the case may be.

The Qualified School Construction Bond Tax Credit Program

Under the Code, Tax Credits are allowed to the Owners of qualified school construction bonds (the “**Tax Credit Program**”), and the Series 2009A Certificates have been designated by the State as “qualified school construction bonds” under the Qualified School Construction Bond Tax Credit Program. Each Series 2009A Certificate is comprised of a principal component (the “**Principal Component**”) and a tax credit component (a “**Tax Credit Component**”) evidenced by the Tax Credit Coupons (each, a “**Tax Credit Coupon**”) associated with each Series 2009A Certificate. Pursuant to the Code and subject to the discussion provided under “THE SERIES 2009A CERTIFICATES – Subsequent Tax Credit Stripping” herein, the ownership of the Tax Credit Coupons, related to such Series 2009A Certificate may be separated (or “Stripped”) from the Principal Components (a “**Tax Credit Strip**”) following which, the Tax Credit Coupons would be separately registered and the Principal Components would be registered as a principal strip (a “**Principal Strip**”) by the Trustee. The Owner of a Series 2009A Certificate or Tax Credit Coupon on March 15, June 15, September 15 or December 15 of any tax year (each, a “**Credit Allowance Date**”) will be allowed a Tax Credit against the Owner’s federal income tax liability.

The amount of each Tax Credit is calculated under the Tax Credit Program and is set forth on each Tax Credit Coupon. The amount of the Tax Credit is the amount equal to the product of the published credit rate for the date on which the Series 2009A Certificate is sold (7.18%), times the outstanding principal amount of the Series 2009A Certificate on the relevant Credit Allowance Date, divided by four. The Tax Credit allowed for the first Credit Allowance Date of September 15, 2009, is the ratable portion of the tax credit otherwise allowed on such date based on an initial issuance date of August 12, 2009. If a Series 2009A Certificate or a Principal Strip is redeemed or matures on a date other than March 15, June 15, September 15 or December 15, the redemption or maturity date will be a Credit Allowance Date for such Series 2009A Certificate or, if Stripped, such Tax Credit Strip and the amount of the associated Tax Credit will be a ratable portion of the tax credit otherwise allowed based on the redemption date. Owners of Tax Credit Coupons, whether held as Tax Credit Strips or as part of the Series 2009A Certificates, as of the applicable Credit Allowance Date, will receive the Tax Credit.

Generally, a taxpayer who owns a Series 2009A Certificate that has not been Stripped will recognize the amount of the Tax Credit as a credit against its federal income tax liability on a given Credit Allowance Date, including estimated tax payments, if any, and the Owner of a Tax Credit Strip or Principal Strip will recognize the amount of original issue discount accruing on its Tax Credit Strip or Principal Strip in each taxable year as income. Tax Credits will be treated by the Internal Revenue Service (“**IRS**”) similar to the way withheld taxes are treated for federal income tax purposes and will reduce the amount of either a taxpayer’s subsequent estimated tax payments, if any, or its final tax liability, as reflected on its tax return for the related tax year. The State expresses no opinion as to the utility of Tax Credits for any particular Owner or subsequent purchaser of a Series 2009A Certificate or a Tax Credit Strip or Principal Strip, and prospective purchasers of the Series 2009A Certificates or Tax Credit Strips and Principal Strips are encouraged to consult with their own tax advisors concerning the purchase of Series 2009A Certificates or Tax Credit Strips and Principal Strips. See “TAX MATTERS.”

The Series 2009A Certificates, the Principal Strips and the Tax Credit Coupons may be transferred as provided below under the caption “Subsequent Tax Credit Stripping.” A Tax Credit

Coupon may contain all or only a portion of the Tax Credits associated with the related Series 2009A Certificate.

Subsequent Tax Credit Stripping

Tax Credit Components and Principal Components

The Owner of each Series 2009A Certificate has the right to claim the Tax Credit Component of such Series 2009A Certificate on its federal income tax return in accordance with and subject to Sections 54F and 54A of the Code. The other rights of the Owner of such Series 2009A Certificate, including the right to payment of the principal of such Series 2009A Certificate in accordance with the Indenture and the rights of the Owner of such Series 2009A Certificate under the Indenture based on the principal amount of such Certificate is the Principal Component of such Series 2009A Certificate. Each Series 2009A Certificate will initially be delivered in a form that combines the Tax Credit Component and the Principal Component of such Series 2009A Certificate but with a Tax Credit Coupon attached.

Stripping Request

Upon receipt by the Trustee of a Stripping Request in the form of Appendix D attached to the 2009A Supplemental Indenture with respect to a Series 2009A Certificate, the Trustee is required to:

- (1) assign a new CUSIP number to such Series 2009A Certificate that is distinct from the CUSIP number for such Series 2009A Certificate before it is Stripped and insert the new CUSIP number (or confirm that such CUSIP number has been assigned and inserted) and the date on, and execute, the “Principal Strip Legend” section of such Series 2009A Certificate;
- (2) assign a CUSIP number to the Tax Credit Coupon attached to such Series 2009A Certificate that is distinct from the CUSIP number for such Series 2009A Certificate before it is Stripped and the new CUSIP number assigned to the Principal Strip paragraph (1) above and insert the new CUSIP number (or confirm that such a CUSIP number has been assigned and inserted) on the Tax Credit Coupon under “CUSIP number of Tax Credit Strip;”
- (3) deliver the Principal Strip and the Tax Credit Strip in accordance with the delivery instructions set forth in the Stripping Request; and
- (4) register the ownership of the Principal Strip and the Tax Credit Strip in the records for registration and transfer of Certificates maintained by the Trustee pursuant to the Master Indenture.

Modification of Stripping Process and Form of Stripping Request to Permit Book-Entry Registration and Transfer

The process by which Stripping occurs and the form of the Stripping Request may be modified to conform to procedures established by DTC so as to permit the registration and transfer of the Principal Strips and Tax Credit Strips in the book-entry records of the DTC, including, but not limited to, to accommodate the assignment of separate CUSIP numbers to the Principal Strips and the Tax Credit Strips for each Credit Allowance Date on the date the Series 2009A Certificates are executed and delivered or when the Stripping occurs.

Trustee Charges for Stripping

The Trustee may require the payment, by the Owner of a Series 2009A Certificate, of any reasonable charges, as well as any taxes, transfer fees or other governmental charges required to be paid, with respect to the Stripping of any Series 2009A Certificate.

Authorized Denominations; Execution, Authentication, Replacement, Registration, Transfer, Exchange, Cancellation and Negotiability of Principal Strips and Tax Credit Strips; Applicability of Redemption Provisions of Master Indenture

Except as otherwise specifically provided in this paragraph: (i) the Authorized Denomination of a Principal Strip is to be based on the principal amount of the Principal Strip; (ii) a Tax Credit Strip shall not have a principal amount but instead shall have a notional amount equal to the principal amount of the Series 2009A Certificate from which it was created and such notional amount shall be used in lieu of principal amount in determining the Authorized Denomination of such Tax Credit Strip; (iii) Principal Strips and Tax Credit Strips are to be executed and authenticated, are to be replaced if mutilated, lost, stolen or destroyed and are to be registered, transferred, exchanged and cancelled and are to be negotiable in the same manner as Certificates under the Master Indenture; and (iv) subject to the provisions of the 2009A Supplemental Indenture described in the next paragraph, the redemption provisions of Article IV of the Master Indenture shall apply to Principal Strips and Tax Credit Strips created from the Stripping of the Series 2009A Certificate to which such redemption provisions apply in the same manner as they apply to such Series 2009A Certificate; and (v) any such Tax Credit Strip created from the Stripping of a Series 2009A Certificate shall cease to be Outstanding when the related Principal Strip is not Outstanding.

Allocation of Redemption Price and Use of Money from the Exercise of Remedies under Article VII of the Master Indenture

The redemption price of Series 2009A Certificates and moneys received from the exercise of remedies under Article VII of the Master Indenture that are to be paid to the Owners of the Series 2009A Certificates (the “**Available Money**”) shall be paid to the Owners of the Principal Strips and the Tax Credit Strips as follows:

- (i) to the Owners of the Principal Strips (if there is more than one Owner of Principal Strips, to the Owners of the Principal Strips in proportion to the principal amount of Principal Strips owned by each of them), a portion of the Available Money determined by the following formula:

$$AM \times PAVP$$

Where:

AM = Available Money

PAVP = the percentage shown in Table 2 in Appendix C to the 2009A Supplemental Indenture in the column entitled Principal Maturity Date for the Redemption Date on which the Available Money is paid (or if paid on a date that does not coincide with a Redemption Date, the percentage determined for such payment date by straight line interpolation between the percentage for the immediately preceding Redemption Date and the immediately succeeding Redemption Date); and

(ii) to the Owners of the Tax Credit Strips evidencing the right to claim the Tax Credit on a particular Credit Allowance Date (and if there is more than one Owner of such Tax Credit Strips, to the Owners of such Tax Credit Strips in proportion to the notional amount of such Tax Credit Strips owned by each of them), a portion of the Available Moneys determined by the following formula:

$$CS \times AM/PS \times CAVP$$

Where:

CS = the aggregate amount of Tax Credit shown in Table 1 in Appendix C to the 2009A Supplemental Indenture for the Credit Allowance Date on which the Owner of such Tax Credit Strips is entitled to claim the Tax Credit

AM = Available Money

PS = the aggregate principal amount of the Principal Strips

CAVP = the percentage shown in Table 2 in Appendix C to the 2009A Supplemental Indenture in the column entitled Credit Allowance Date for the Credit Allowance Date for such Tax Credit and the Redemption Date on which the Available Money is paid (or if paid on a date that does not coincide with a Redemption Date, the percentage determined for such payment date by straight line interpolation between the percentage for the immediately preceding Redemption Date and the immediately succeeding Redemption Date).

Control, Consent Rights and Other Rights of Owners of Series 2009A Certificates

The rights of the Owner of any Series 2009A Certificate that has been Stripped to direct or request the Trustee to act or refrain from acting, to direct the manner and timing of any action by the Trustee or to control proceedings, to consent to Supplemental Indentures and amendments, changes or modifications of Leases and Site Leases, to take any other action that may be taken by the Owners of a percentage or a majority of the principal amount of Certificates and to receive notices and other information under the Indenture shall be rights of the Owners of the Principal Strips and the Tax Credit Strips shall not participate therein.

No Regulations Promulgated Yet

The Code provides that any such Stripping shall be done under regulations prescribed by the Secretary. No such regulations have yet been promulgated. It is anticipated that the IRS may promulgate regulations related to qualified school construction bonds in the near future, but the timing and terms cannot be predicted. For purposes of discussing Stripping herein, it is assumed that such regulations will be promulgated and that the Stripping will be in compliance with such regulations and the terms of the 2009A Supplemental Indenture. The State and the Trustee may amend the Indenture of the 2009A Lease after the issuance of the Series 2009A Certificates without the consent of the Owners of the Series 2009A Certificates for the purposes of conforming the Indenture or the 2009A Lease to any guidance or regulations promulgated by the IRS or the Treasury Department regarding qualified school construction bonds.

Book-Entry Tax Credit Coupons

The Tax Credit Coupons, when executed and delivered, shall be Book-Entry Tax Credit Coupons, registered in the name of Cede & Co., as nominee of DTC, and shall be exchanged for one Tax Credit Coupon or Tax Credit Strip for each Credit Allowance Date for the related Series 2009A Certificates, in the notional amount set forth on such Tax Credit Coupons or Tax Credit Strips. The Indenture appoints DTC as depository for the Book-Entry Tax Credit Coupons and registered ownership of the Book-Entry Tax Credit Coupons may not thereafter be transferred, except as provided in the Indenture.

Additional Series of Certificates

So long as the Lease Term remains in effect and no Event of Nonappropriation or Event of Default has occurred and is continuing, one or more Series of Certificates may be executed and delivered as directed by the State, without the consent of owners of outstanding Certificates, upon the terms and conditions as provided in the Master Indenture. Additional Series of Certificates may be executed and delivered only upon satisfaction of each of the following conditions:

(i) The Trustee has received a form of Supplemental Indenture that specifies the following: (a) the Series designation, the aggregate principal amount, the Authorized Denominations, the dated date, the maturity dates, the interest rates, if any, the redemption provisions, if any, the Tax Treatment Designation, the form and any variations from the terms set forth in this Master Indenture with respect to such Series of Certificates; (b) any amendment, supplement or restatement of the Glossary required or deemed by the State to be advisable or desirable in connection with such Supplemental Indenture; and (c) any other provisions deemed by the State to be advisable or desirable and that do not violate and are not in conflict with the Master Indenture or any previous Supplemental Indenture.

(ii) The Trustee has received forms of a new Site Lease and Lease or amendments to an existing Site Lease and Lease adding any new Leased Property and/or amendments to an existing Site Lease and Lease removing or modifying any Leased Property that is to be removed or modified.

(iii) If the proceeds of such Series of Certificates are to be used to defease Outstanding Certificates pursuant to the Master Indenture, the Trustee shall have received a form of a defeasance escrow agreement and the other items required by the Master Indenture.

(iv) The State has certified to the Trustee that: (a) the Fair Market Value of the property added to the Leased Property in connection with the execution and delivery of such Series of Certificates is at least equal to 90% of the principal amount of such Series of Certificates; and (b) no Event of Default or Event of Nonappropriation exists under any Lease. The certification of the State pursuant to clause (a) may be given based and in reliance upon certifications by the Sublessees that leased the Leased Property to the Trustee pursuant to Site Leases.

(v) The Trustee has received evidence that the execution and delivery of the Series of Certificates will not result in a reduction of the then current rating by any Rating Agency of any Outstanding Certificates, which evidence may take the form of a letter from a Rating Agency, a certificate of a financial advisor to the State or a certificate of an underwriter of Certificates.

(vi) The State has directed the Trustee in writing as to the delivery of the Series of Certificates and the application of the proceeds of the Series of Certificates, including, but not

limited to, the amount to be deposited into the Project Account established for each Participating K-12 Institution, the amount, if any, of the Allocated Investment Earnings for each Project Account, the amount to be deposited into the Cost of Issuance Account and, if proceeds of such Series of Certificates are to be used to defease Outstanding Certificates pursuant to the Master Indenture, the amount to be deposited into the defeasance escrow account established pursuant to the Master Indenture.

(vii) The Trustee has received a written opinion of Bond Counsel to the effect that (a) the Certificates of such Series have been duly authorized, executed and delivered pursuant to the Act, the Master Indenture and the Supplemental Indenture executed and delivered in connection with the execution and delivery of such Series of Certificates and will not adversely affect the exclusion from gross income for federal income tax purposes of interest on any Outstanding Certificate, and (b) the execution, sale and delivery of the Series of Certificates will not constitute an Event of Default or a Failure to Perform nor cause any violation of the covenants set forth in the Master Indenture.

Each Certificate executed and delivered pursuant to the Master Indenture will evidence an undivided interest in the right to receive Lease Revenues and shall be payable solely from the Trust Estate without preference, priority or distinction of any Certificate over any other Certificate.

Redemption

Event of Default or Event of Nonappropriation Redemption

The Series 2009A Certificates shall be redeemed in whole on any date, upon the occurrence of an Event of Default or Event of Nonappropriation under any Lease. The redemption price for any redemption as described in this paragraph shall be the lesser of: (i) the principal amount of the Series 2009A Certificates; or (ii) the sum of (A) available moneys, if any, in the funds and accounts created under the Master Indenture (except the Rebate Fund and certain defeasance escrow accounts established pursuant to the Master Indenture) and (B) the amount, if any, received by the Trustee from the exercise of remedies under the Indenture and the Leases.

If more than one Series of Certificates is subject to redemption upon the occurrence of an Event of Default or Event of Nonappropriation under any Lease under any similar provision of any other Supplemental Indenture, the amounts available to pay the redemption price shall be allocated among the Series 2009A Certificates and such other Series of Certificates in proportion to the principal amount of each such Certificate, provided that available moneys in any Sinking Fund Account shall be allocated only among Qualified School Construction Certificates with the same Series designation as such Sinking Fund Account. **The payment of the redemption price of any Certificate pursuant to the 2009A Supplemental Indenture and any similar provision of any other Supplemental Indenture shall be deemed to be the payment in full of such Certificate, and no Owner of any Certificate redeemed pursuant to the 2009A Supplemental Indenture or any similar provision of any other Supplemental Indenture shall have any right to any payment from the Trustee or the State in excess of such redemption price.**

In addition to any other notice required to be given under the Indenture, the Trustee shall, immediately upon obtaining knowledge of the occurrence of an Event of Default or Event of Nonappropriation under any Lease, notify the Owners of the Series 2009A Certificates and all other Certificates that are subject to redemption upon the occurrence of an Event of Default or Event of Nonappropriation under such Lease (i) that such event has occurred and (ii) whether or not the funds then available to it for such purpose are sufficient to pay the redemption price set forth in the 2009A

Supplemental Indenture or any other Supplemental Indenture. If the funds then available to the Trustee are sufficient to pay the redemption price set forth in the 2009A Supplemental Indenture, such redemption price shall be paid as soon as possible. If the funds then available to the Trustee are not sufficient to pay the redemption price set forth in the 2009A Supplemental Indenture, the Trustee shall (A) immediately pay the portion of the redemption price that can be paid from the funds available, net of any funds which, in the judgment of the Trustee, should be set aside to pursue remedies under the Indenture and the Leases, and (B) subject to the applicable provisions of the Indenture, immediately begin to exercise and shall diligently pursue all remedies available to it under the Leases in connection with such Event of Default or Event of Nonappropriation. The remainder of the redemption price, if any, shall be paid to the Owners of the Certificates subject to redemption if and when funds become available to the Trustee from the exercise of remedies under the Indenture and the Leases.

While there is no mandatory redemption of the Series 2009A Certificates that is caused solely by termination of the Tax Credit, the State and the 2009A Participating K-12 Institutions have made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that the Series 2009A Certificates continue to qualify as “qualified school construction bonds” as defined in Section 54F of the Code. Inaccuracy of these representations or failure to comply with these covenants may result in termination of the Tax Credit, possibly from the date of original execution and delivery of the Series 2009A Certificates, but may also cause an Event of Default under the 2009A Lease thereby causing a mandatory redemption of the Series 2009A Certificates as described above. See “CERTAIN RISK FACTORS – Effect of a Nonrenewal of a Lease” and “ – Enforceability of Remedies.”

Unexpended Proceeds Redemption

The Series 2009A Certificates shall be redeemed in whole or in part, and if in part in Authorized Denominations by lot, at a redemption price equal to the principal amount of the redeemed Series 2009A Certificates, on a date designated by the State that is no later than 90 days after the third anniversary of the date the Series 2009A Certificates are originally executed and delivered, or, in the event the IRS grants an extension of the three year Available Project Proceeds Expenditure Period, on any later date designated by the State that is no later than 90 days after the end of the extended Available Project Proceeds Expenditure Period, in an amount equal to the unexpended Available Project Proceeds of the Series 2009A Certificates held by the Trustee as of the third anniversary of the date the Series 2009A Certificates are originally executed and delivered or, in the event the IRS grants an extension of the three year Available Project Proceeds Expenditure Period, the last day of the extended Available Project Proceeds Expenditure Period.

Notice of Redemption

Notice of the call for any redemption, identifying the Series 2009A Certificates or portions thereof to be redeemed and specifying the terms of such redemption, shall be given by the Trustee by mailing a copy of the redemption notice by United States first class mail, at least 30 days prior to the date fixed for redemption, and to the Owner of each Series 2009A Certificate to be redeemed at the address shown on the registration books; provided, however, that failure to give such notice by mailing, or any defect therein, shall not affect the validity of any proceedings of any Series 2009A Certificates as to which no such failure has occurred. Any notice mailed as provided in the Indenture shall be conclusively presumed to have been duly given, whether or not the Owner receives the notice. If at the time of mailing of notice of redemption there shall not have been deposited with the Trustee moneys sufficient to redeem all the Series 2009A Certificates called for redemption, which moneys are or will be available for redemption of Series 2009A Certificates, such notice will state that it is conditional upon the deposit of the redemption moneys with the Trustee not later than the redemption date, and such notice shall be of no effect unless such moneys are so deposited.

Redemption Payments

On or prior to the date fixed for redemption, the Trustee is required to apply funds to the payment of the Series 2009A Certificates called for redemption. The Trustee is required to pay to the Owners of Series 2009A Certificates so redeemed, the amounts due on the Series 2009A Certificates at the Operation Center of the Trustee upon presentation and surrender of the Series 2009A Certificates.

Allocation of Redemption Price and Use of Moneys from the Exercise of Remedies

The redemption price of Series 2009A Certificates and moneys received from the exercise of remedies under the Master Indenture that are to be paid to the Owners of the Series 2009A Certificates are to be paid to the Owners of the Principal Strips and the Tax Credit Strips as described in “Subsequent Tax Credit Stripping – Allocation of Redemption Price and Use of Moneys from the Exercise of Remedies under Article VII of the Indenture” above under this caption.

State’s Purchase Option Price

State’s Option to Purchase all Leased Property in Connection with Defeasance of Series 2009A Certificates

The State has been granted in the 2009A Lease the option to purchase all, but not less than all, of the 2009A Leased Property in connection with the defeasance of all the Series 2009A Certificates by paying to the Trustee the “State’s Purchase Option Price,” subject to compliance with all conditions to the defeasance of the Series 2009A Certificates under the Indenture, including, but not limited to, the receipt of an opinion of Bond Counsel that the defeasance will not cause an Adverse Tax Event. For purposes of a purchase of all the 2009A Leased Property as described in this paragraph, the “**State’s Purchase Option Price**” is an amount sufficient (i) to defease all the Series 2009A Certificates in accordance with the defeasance provisions of the Indenture and (ii) to pay all Additional Rent payable through the date on which the 2009A Leased Property is conveyed to the State or its designee pursuant to the Indenture, including, but not limited to, all fees and expenses of the Trustee relating to the conveyance of the 2009A Leased Property and the payment, redemption or defeasance of the Outstanding Series 2009A Certificates; provided, however, that (A) the State’s Purchase Option Price shall be reduced by the moneys, if any, in the funds and accounts created under the Master Indenture (except the Rebate Fund and any existing defeasance escrows accounts established pursuant to the Master Indenture) that are available for deposit in the defeasance escrow account established pursuant to the Master Indenture for the Series 2009A Certificates, and (B) if any Series 2009A Certificates have been paid, redeemed or defeased with the proceeds of another Series of Certificates, in applying this subsection, Outstanding Certificates of the Series of Certificates the proceeds of which were used to pay, redeem or defease the Series 2009A Certificates shall be substituted for the Series 2009A Certificates that were paid, redeemed or defeased, which substitution shall be accomplished in any reasonable manner selected by the State in its sole discretion.

In order to exercise its option to purchase the 2009A Leased Property as described in the previous paragraph, the State must: (i) give written notice to the Trustee (A) stating that the State intends to purchase the 2009A Leased Property as described in the previous paragraph, (B) identifying the source of funds it will use to pay the State’s Purchase Option Price, and (C) specifying a closing date for such purpose which is at least 30 and no more than 90 days after the delivery of such notice; and (ii) pay the State’s Purchase Option Price to the Trustee in immediately available funds on the closing date.

BASE RENT

The following table sets forth the State's Base Rent obligations after execution and delivery of the Series 2009A Certificates scheduled under the 2009A Lease with respect to the 2009A Leased Property (assuming that the State chooses not to terminate the 2009A Lease during the Lease Term, which it has an annual option to do).

Fiscal Year (ended June 30)	<u>Principal</u> ⁽¹⁾⁽²⁾	Base Rent <u>Interest Component</u> ⁽³⁾	Total Fiscal Year <u>Base Rent</u>
2010	\$ 3,535,000	\$0	\$ 3,535,000
2011	5,975,000	0	5,975,000
2012	5,975,000	0	5,975,000
2013	5,975,000	0	5,975,000
2014	5,975,000	0	5,975,000
2015	5,975,000	0	5,975,000
2016	5,970,000	0	5,970,000
2017	5,970,000	0	5,970,000
2018	5,970,000	0	5,970,000
2019	5,970,000	0	5,970,000
2020	5,970,000	0	5,970,000
2021	5,970,000	0	5,970,000
2022	5,970,000	0	5,970,000
2023	5,970,000	0	5,970,000
2024	<u>5,975,000</u>	<u>0</u>	<u>5,975,000</u>
Total	\$87,145,000	\$0	\$87,145,000

- (1) Although the Series 2009A Certificates are not subject to annual mandatory sinking fund redemption, the Trustee is required under the Master Indenture to deposit into the Sinking Fund Account established within the Certificate Fund for the Series 2009A Certificates that portion of each payment of Base Rent by the State which is designated and paid as the Series 2009A Sinking Fund Principal under the 2009A Lease. Such Sinking Fund payments are to be applied to the payment of the principal amount of the Series 2009A Certificates at maturity.
- (2) There will be credited against the amount of Base Rent otherwise payable under the 2009A Lease the amount on deposit in the Certificate Fund that is not restricted by the Indenture to the payment of the redemption price of Certificates or the costs of defeasing Certificates, including any Rent received by the State and delivered to the Trustee with directions to deposit it in the Certificate Fund.
- (3) The Series 2009A Certificates do not bear interest.

SECURITY AND SOURCES OF PAYMENT

Payments by the State

Each Series 2009A Certificate evidences undivided interests in the right to receive Lease Revenues pursuant to the Leases, including: (i) the Base Rent; (ii) the State's Purchase Option Price, if paid (including any Net Proceeds applied to the payment of the State's Purchase Option Price pursuant to a Lease); (iii) earnings on moneys on deposit in the Certificate Fund, the Capital Construction Fund and the State Expense Fund (but not the Rebate Fund or any defeasance escrow account); and (iv) any other moneys to which the Trustee may be entitled for the benefit of the Owners. All payment obligations of the State under the Series 2009A Lease, including but not limited to payment of Base Rent, are from year to year only and do not constitute a mandatory charge or requirement in any year beyond the State's then current fiscal year. All covenants, stipulations, promises, agreements and obligations of the State or the Trustee, as the case may be, contained in the Leases are the covenants, stipulations, promises, agreements

and obligations of the State or the Trustee, as the case may be, and not of any member, director, officer, employee, servant or other agent of the State or the Trustee in his or her individual capacity, and no recourse shall be had on account of any such covenant, stipulation, promise, agreement or obligation, or for any claim based thereon or hereunder, against any member, director, officer, employee, servant or other agent of the State or the Trustee or any natural person executing Leases or any related document or instrument; provided that such person is acting within the scope of his or her employment, membership, directorship or agency, as applicable, and not in a manner that constitutes gross negligence or willful misconduct, in the case of the State, and negligence, in the case of the Trustee.

As more fully described under the captions "CERTAIN RISK FACTORS" and in the form of the 2009A Lease attached hereto in **Appendix B**, following an Event of Nonappropriation, the Lease Term of the 2009A Lease will terminate on June 30 of any Fiscal Year in which the Event of Nonappropriation occurs.

Under the Act, Base Rent and Additional Rent must be paid from the amounts on deposit in the Assistance Fund. The Act establishes the Assistance Fund and provides for the deposit to such Fund of certain revenues as described in "PUBLIC SCHOOL CAPITAL CONSTRUCTION ASSISTANCE FUND" in **Appendix F**. However, the Act also permits the General Assembly to appropriate or transfer moneys to the Assistance Fund from any legally available source, including the State General Fund, if the amounts in the Assistance Fund are insufficient to cover the full amount of Rent required by the 2009A Lease and any other Lease entered in connection with any additional Series of Certificates issued to fund the Program. Any such amounts in the Assistance Fund may only be used to pay Base Rent and Additional Rent if specifically appropriated by the Colorado General Assembly for that purpose. There is no obligation of the State to appropriate such Assistance Fund revenues, or to appropriate any other State moneys to be transferred to the Assistance Fund, for purposes of paying Base Rent or Additional Rent under the Leases. See "STATE FINANCIAL INFORMATION" and **Appendices E** and **F** hereto.

PAYMENT OF RENT AND ALL OTHER PAYMENTS BY THE STATE SHALL CONSTITUTE CURRENTLY APPROPRIATED EXPENDITURES OF THE STATE AND MAY BE PAID SOLELY FROM LEGALLY AVAILABLE MONEYS IN THE ASSISTANCE FUND, INCLUDING ANY MONEYS APPROPRIATED OR TRANSFERRED BY THE COLORADO GENERAL ASSEMBLY TO THE ASSISTANCE FUND FROM ANY LEGALLY AVAILABLE SOURCE IF THE AMOUNT OF MONEY IN THE ASSISTANCE FUND THAT IS AVAILABLE TO PAY RENT WILL BE INSUFFICIENT TO COVER THE FULL AMOUNT OF RENT. ALL OBLIGATIONS OF THE STATE UNDER THE LEASES SHALL BE SUBJECT TO THE ACTION OF THE COLORADO GENERAL ASSEMBLY IN ANNUALLY MAKING MONEYS AVAILABLE FOR PAYMENTS THEREUNDER. THE OBLIGATIONS OF THE STATE TO PAY RENT AND ALL OTHER OBLIGATIONS OF THE STATE UNDER THE LEASES ARE SUBJECT TO APPROPRIATION BY THE COLORADO GENERAL ASSEMBLY IN ITS SOLE DISCRETION, AND SHALL NOT BE DEEMED OR CONSTRUED AS CREATING AN INDEBTEDNESS OF THE STATE WITHIN THE MEANING OF ANY PROVISION OF THE STATE CONSTITUTION OR THE LAWS OF THE STATE CONCERNING OR LIMITING THE CREATION OF INDEBTEDNESS OF THE STATE AND SHALL NOT CONSTITUTE A MULTIPLE FISCAL YEAR DIRECT OR INDIRECT DEBT OR OTHER FINANCIAL OBLIGATION OF THE STATE WITHIN THE MEANING OF SECTION 3 OF ARTICLE XI OR SECTION 20(4) OF ARTICLE X OF THE STATE CONSTITUTION OR ANY OTHER LIMITATION OR PROVISION OF THE STATE CONSTITUTION, STATE STATUTES OR OTHER STATE LAW. IN THE EVENT THE STATE DOES NOT RENEW ANY LEASE, THE SOLE SECURITY AVAILABLE TO THE TRUSTEE, AS LESSOR UNDER THE LEASES, SHALL BE THE LEASED PROPERTY LEASED UNDER THE LEASES, SUBJECT TO THE TERMS OF THE LEASES. THE STATE'S OBLIGATIONS UNDER THE LEASES SHALL BE SUBJECT TO THE STATE'S ANNUAL RIGHT TO TERMINATE THE

LEASES UPON THE OCCURRENCE OF AN EVENT OF NONAPPROPRIATION. SEE “CERTAIN RISK FACTORS.”

Lease Term

The Lease Term of each Lease is comprised of the Initial Term commencing on the date the Lease is executed and delivered and ending on June 30 of that Fiscal Year and successive one year Renewal Terms, subject to the provisions described below. The Lease Term of any Lease shall expire upon the earliest of any of the following events: (a) the last day of the month in which the final Base Rent payment is scheduled to be paid in accordance with the Lease; (b) June 30 of the Initial Term or June 30 of any Renewal Term during which, in either case, an Event of Nonappropriation has occurred; (c) the purchase of all the Leased Property by the State pursuant to the Lease; or (d) termination of the Lease following an Event of Default in accordance the Lease.

Upon termination of the Lease Term, all unaccrued obligations of the State under the Lease shall terminate, but all obligations of the State that have accrued thereunder prior to such termination shall continue until they are discharged in full; and if the termination occurs because of the occurrence of an Event of Nonappropriation or an Event of Default, the State’s right to possession of the Leased Property thereunder shall terminate and (i) the State shall, within 90 days, vacate the Leased Property; and (ii) if and to the extent the Colorado General Assembly has appropriated funds for payment of Rent payable during, or with respect to the State’s use of the Leased Property during, the period between termination of the Lease Term and the date the Leased Property is vacated pursuant to clause (i), the State shall pay Base Rent to the Trustee and Additional Rent to the Person entitled thereto. If the termination occurs because of the occurrence of an Event of Nonappropriation or an Event of Default, the Trustee will be entitled to exercise certain remedies with respect to the Leased Property as further described in the forms of the 2009A Site Leases, the 2009A Lease, the 2009A Subleases and the Indenture attached hereto in **Appendix B.**

Nonrenewal of the Lease Term

The State is not permitted to renew the Leases or any of them (including the 2009A Lease) with respect to less than all of the Leased Property. Accordingly, a decision not to renew any Lease would mean the loss of the use by the State of all of the Leased Property (including the 2009A Leased Property). However, the Indenture and the 2009A Lease permit the State to purchase the Leased Property in connection with the defeasance of all of the Series 2009A Certificates, as described in “THE SERIES 2009A CERTIFICATES – State’s Purchase Option Price.” The 2009A Participating K-12 Institutions which are Sublessees also have the right to purchase their respective portion of the Leased Property upon an Event of Nonappropriation or Event of Default under the 2009A Lease as described in “The 2009A Leased Property - The 2009A Sublessee’s Purchase Option” under this caption and to substitute different property for certain of the 2009A Leased Property as described in “The 2009A Leased Property – The 2009A Subleases and Matching Money Bonds” under this caption.

Upon a nonrenewal of the Lease Term by reason of an Event of Nonappropriation or an Event of Default and so long as the State has not exercised its purchase option with respect to all the Leased Property, or any 2009A Participating K-12 Institution has not exercised the purchase option of its portion of the 2009A Leased Property, the State and such 2009A Participating K-12 Institutions not exercising the purchase option are required to vacate the Leased Property within 90 days. The Trustee may proceed to exercise any remedies available to the Trustee for the benefit of the Owners of the Certificates (including the Series 2009A Certificates) and may exercise any other remedies available upon default as provided in the Leases, including the sale of or lease of the Trustee’s interest under the Site Leases. See

“CERTAIN RISK FACTORS,” and the forms of the 2009A Site Leases, 2009A Lease, the 2009A Subleases and the Indenture attached hereto in **Appendix B**.

The 2009A Lease places certain limitations on the availability of money damages against the State as a remedy in an Event of Default or an Event of Nonappropriation. For example, the 2009A Lease provides that a judgment requiring a payment of money may be entered against the State by reason of an Event of Nonappropriation only to the extent the State fails to vacate the 2009A Leased Property as required by the 2009A Lease and only as to certain liabilities as described in the 2009A Lease. All property, funds and rights acquired by the Trustee upon the nonrenewal of the 2009A Lease, along with other moneys then held by the Trustee under the Indenture (with certain exceptions and subject to certain priorities as provided in the 2009A Lease and the Indenture), are required to be used to redeem the Series 2009A Certificates, if and to the extent any such moneys are realized. See “CERTAIN RISK FACTORS,” and forms of the 2009A Site Leases, 2009A Lease, 2009A Subleases and the Indenture attached hereto in **Appendix B**.

The 2009A Leased Property

Generally

The 2009A Leased Property upon issuance of the Series 2009A Certificates is described generally below. The State is not permitted to renew any Lease (including the 2009A Lease) with respect to less than all of the Leased Property (including the 2009A Leased Property) and a decision not to renew any Lease would mean a loss of all of the Leased Property (including the 2009A Leased Property) for the State unless the purchase option for all of the Leased Property has been exercised by the State. See “THE SERIES 2009A CERTIFICATES – State’s Purchase Option Price.” The State may make substitutions, or may consent to substitutions by the 2009A Participating K-12 Institutions, of 2009A Leased Property in accordance with the terms of the 2009A Leases and the respective 2009A Subleases as described in “Substitution of 2009A Leased Property” under this caption. Owners of the Series 2009A Certificates should not assume that it will be possible to foreclose upon or otherwise dispose of the Leased Property, or any portion thereof, for an amount equal to the respective principal amounts of the Certificates (including the Series 2009A Certificates) plus accrued interest thereon. See “CERTAIN RISK FACTORS – Effect of Nonrenewal of a Lease” for a description of some of the factors that may impact the value of the Leased Property.

The 2009A Leased Property is presently comprised of leasehold interests in land and the school facilities for the 2009A Participating K-12 Institutions to be built thereon consistent with construction guidelines adopted by the Assistance Board (the “**Construction Guidelines**”). Alamosa School District No. Re-11J (“**Alamosa**”) estimates the value of the 26.6 acre parcel upon which it plans to construct two new elementary schools at \$226,000. The new elementary schools it plans to construct include an aggregate amount of 144,688 square feet and 72 classrooms. Of the amount to be deposited in the 2009A Project Account for Alamosa, \$49,980 is expected to be spent on ground improvements on an adjacent property that does not constitute part of the 2009A Leased Property. Sangre de Cristo School District No. Re-22J (“**Sangre de Cristo**”) estimates the value of the 40 acre parcel upon which it plans to construct one new K-12 school at \$32,667. The new K-12 school it plans to construct includes 81,000 square feet and 24 classrooms. Sargent Re-33J (“**Sargent**”) estimates the value of the 1.2 acre parcel upon which it plans to construct one new junior/senior high school at \$6,656. The new junior/senior high school it plans to construct includes 62,463 square feet and 18 classrooms. As described under “PLAN OF FINANCING – The 2009A Projects and 2009A Participating K-12 Institutions,” the 2009A Project for Sargent also includes renovation of an elementary school and gym. The aggregate cost of such projects is \$2,751,939 and such projects do not constitute part of the 2009A Leased Property. Further, use of the 2009A Leased Property related to Sargent is restricted by deed to educational purposes. Accordingly, the

ability of the Trustee to lease such Leased Property to third parties upon the occurrence of an Event of Nonappropriation or Event of Default and subsequent vacating of such property by the State and Sargent will be limited to lessee's desiring to use the property for educational purposes. See "CERTAIN RISK FACTORS – Effect of a Nonrenewal of a Lease."

Each of the 2009A Participating K-12 Institutions has covenanted to complete construction of their respective facilities within three years, but the State expects all of the facilities to be completed within 18 to 25 months. However, in the case of Sangre de Cristo, the Project Contracts required by the related 2009A Sublease have not yet been executed due to the necessity of obtaining some zoning approvals. The State expects such zoning approvals to be obtained soon after the Series 2009A Certificates are executed and delivered. However, if such documents have not been received by the Trustee on or before September 1, 2010, the State may cancel the related 2009A Sublease as described below under "Replacement of 2009A Leased Property Due to Cancellation of Sublease by State."

Replacement of 2009A Leased Property Due to Cancellation of Sublease by State

The 2009A Subleases provide that if, on or before September 1, 2010, the Trustee has not received the title insurance policy for the 2009A Participating K-12 Institution's Leased Property described in paragraph 1 of the form of requisition attached as Appendix A to the Master Indenture and the 2009A Participating K-12 Institution has not entered into or does not have a reasonable expectation that it will enter into one or more Project Contracts that comply with the Construction Guidelines for substantially all of the Work required to complete such 2009A Participating K-12 Institution's Project as described in paragraph 2 of the form of requisition attached as Appendix A to the Master Indenture, the State may, in its sole discretion, cancel or cause to be cancelled the related 2009A Sublease, Matching Money Bond and Site Lease and direct the Trustee to use the moneys in such 2009A Participating K-12 Institution's Project Account for the Costs of another Project or for any purpose permitted under the Indenture. The Trustee has received the title insurance policies for the 2009A Participating K-12 Institutions, so this provision as it relates to title insurance is inapplicable to the 2009A Subleases.

The 2009A Subleases and Matching Money Bonds

In connection with the execution and delivery of the Series 2009A Certificates, the State and each of the 2009A Participating K-12 Institutions are entering into a 2009A Sublease pursuant to which each of such 2009A Participating K-12 Institutions, as Sublessee, will agree, in exchange for use of a portion of the 2009A Leased Property, to pay (subject to their right not to appropriate) all Additional Rent due under the 2009A Lease with respect to such portion of the 2009A Leased Property and the Series 2009A Certificates. The respective 2009A Participating K-12 Institution's obligations to pay such amounts under the 2009A Sublease are subject to annual appropriation by such 2009A Participating K-12 Institution. Pursuant to the 2009A Subleases, each of the 2009A Participating K-12 Institutions has agreed to maintain the respective 2009A Leased Property and to provide all insurance for such 2009A Leased Property as required by the 2009A Lease.

There is no Base Rent payable under the 2009A Subleases. Each 2009A Participating K-12 Institution has agreed to deliver a Matching Money Bond to the State to satisfy the 2009A Participating K-12 Institution's obligation to pay Matching Moneys to the State for credit to the Assistance Fund with respect to such 2009A Participating K-12 Institution's Project. The obligations of the 2009A Participating K-12 Institution under its Matching Money Bond are not subject to annual appropriation by the 2009A Participating K-12 Institution and will continue until all amounts payable under such Matching Money Bond are paid in full or the Matching Money Bond is redeemed or cancelled in accordance with its terms. The obligations and rights of the 2009A Participating K-12 Institution and the State with respect to the 2009A Participating K-12 Institution's Matching Money Bonds are independent of the

obligations and rights of the 2009A Participating K-12 Institution, as sublessee, and the State under the 2009A Subleases and, except as otherwise specifically provided in the 2009A Subleases, (a) the obligations and rights of the 2009A Participating K-12 Institution and the State with respect to the 2009A Participating K-12 Institution's Matching Money Bonds will survive the termination of the 2009A Subleases and (b) no failure to perform or other action of the State with respect to the 2009A Subleases will affect the State's rights to enforce the obligations of the 2009A Participating K-12 Institutions under their respective Matching Money Bonds.

Matching Moneys and other amounts deposited in the Assistance Fund do not directly secure payment of the Series 2009A Certificates. Once Matching Moneys payable in installments pursuant to the Matching Money Bonds are deposited in the Assistance Fund, such amounts, together with other amounts on deposit therein, are available to be appropriated by the State to pay principal on the Series 2009A Certificates.

Sublessee's Purchase Option

Each Sublessee has the option to purchase all, but not less than all, of the 2009A Leased Property subject to its 2009A Sublease following the occurrence of an Event of Default or an Event of Nonappropriation under the 2009A Lease as described in the forms of 2009A Site Leases, 2009A Lease, 2009A Subleases and the Indenture attached hereto in **Appendix B**. In the 2009A Lease, the Trustee has agreed to notify each Sublessee of the occurrence of an Event of Default or Event of Nonappropriation under any 2009A Lease.

Substitution of 2009A Leased Property

The Sublessees are permitted by the respective 2009A Subleases to substitute other property for the respective 2009A Leased Property with the consent of the State and upon delivery of certain items, including a certification that the Fair Market Value of the substituted property is equal to or greater than the Fair Market Value of the 2009A Leased Property for which it is being substituted, a title insurance policy, a certificate regarding the useful life and essentiality of the substituted property, and an opinion of Bond Counsel to the effect that such substitution is permitted under the 2009A Lease and that such substitution will not cause the State or any sublessee to violate the State's tax covenant set forth in Section 9.04 of the 2009A Lease or the 2009A Participating K-12 Institution's Tax Covenant set forth in Section 9.04 of the 2009A Subleases. See Section 9.04 in the form of 2009A Subleases in **Appendix B**. Furthermore, the State is permitted under the 2009A Lease to substitute other property for certain 2009A Leased Property so long as, following the substitution, either (i) the Fair Market Value of the substituted property determined as of the date of substitution is equal to or greater than the Fair Market Value of the 2009A Leased Property for which it is being substituted, or (ii) all of the Leased Property has a Fair Market Value at least equal to the principal amount of all Outstanding Certificates. The State's certification as to the value may be given based and in reliance upon certifications by the Sublessees.

Insurance

The 2009A Leased Property is required to be insured by the 2009A Participating K-12 Institutions as described in "CERTAIN RISK FACTORS – Insurance of the Leased Property," and the insurance proceeds are required to be applied by the Trustee as described in the form of the 2009A Lease "- Damage, Destruction and Condemnation," in **Appendix B**. Pursuant to the 2009A Subleases, the 2009A Participating K-12 Institutions will undertake to provide such insurance with respect to the respective 2009A Leased Property as required by the 2009A Lease. See "The 2009A Subleases and Matching Money Bonds" under this caption.

CERTAIN RISK FACTORS

THE PURCHASE AND OWNERSHIP OF THE SERIES 2009A CERTIFICATES ARE SUBJECT TO CERTAIN RISKS. EACH PROSPECTIVE INVESTOR IN THE SERIES 2009A CERTIFICATES SHOULD READ THIS OFFICIAL STATEMENT IN ITS ENTIRETY, GIVING PARTICULAR ATTENTION TO THE FACTORS DESCRIBED BELOW WHICH, AMONG OTHERS, COULD AFFECT THE PAYMENT OF THE PRINCIPAL ON THE SERIES 2009A CERTIFICATES AND COULD ALSO AFFECT THE MARKET PRICE OF THE SERIES 2009A CERTIFICATES TO AN EXTENT THAT CANNOT BE DETERMINED.

Nature of “Qualified School Construction Bonds”

The Series 2009A Certificates are being issued as “qualified school construction bonds” as defined in Section 54F of the Code. “Qualified school construction bonds” are a new product derived from the recent passage of the Recovery Act, and there is currently no secondary market for the Series 2009A Certificates. There can be no assurance that a secondary market will develop, or if a secondary market does develop, that it will provide Owners with liquidity or continue for the full term of the Series 2009A Certificates. The Underwriters are under no obligation to make a secondary market for the Series 2009A Certificates. The mechanics of transfer and registration and the developing nature of the tax treatment of the Series 2009A Certificates may further limit liquidity.

The Tax Credits are not refundable tax credits; if an Owner of a Series 2009A Certificate has gross income tax liability for a given year less than the amount of Tax Credits to which it is entitled for that year, then the Owner would be required to carry forward any excess tax credit to subsequent tax years. See “TAX MATTERS” below.

The Tax Credits to which an Owner of a Series 2009A Certificate is entitled on a particular Credit Allowance Date are not transferable after such Credit Allowance Date; investors should be aware that to the extent that the investor is not a potential taxpayer (either now or in the future) and owns a Series 2009A Certificate on a Credit Allowance Date, the Tax Credit cannot be utilized. There can be no assurance that such an investor would be able to sell a Series 2009A Certificate prior to the Credit Allowance Date.

Because of the developing nature of practices to implement the qualified school construction bond provisions of the Recovery Act, it may be necessary following the date of delivery of the Series 2009A Certificates to make certain adjustments to the mechanisms outlined in the Indenture as additional guidance from the IRS is provided. The Code provides that any such Stripping shall be done under regulations prescribed by the Secretary. No such regulations have yet been promulgated. It is anticipated that the IRS may promulgate regulations relating to qualified school construction bonds in the near future, but the timing and terms thereof cannot be predicted. The State and the Trustee may amend the Indenture or the 2009A Lease after the issuance of the Series 2009A Certificates without the consent of the Owners of the Series 2009A Certificates for the purposes of conforming the Indenture, the Series 2009A Certificates or the 2009A Lease to any guidance or regulations promulgated by the IRS or the Treasury Department regarding qualified school construction bonds.

Furthermore, in certain circumstances, the Tax Credits may be reduced (offset) by amounts determined to be applicable under the Code and regulations promulgated thereunder. For example, offsets may occur by reason of any past-due legally enforceable debt of the Owners to any federal agency. The amount of any such offset is not predictable.

Potential purchasers should consult with their own tax advisors with respect to whether the purchase of a Series 2009A Certificate, Principal Strip or Tax Credit Strip is an appropriate investment in light of their individual circumstances.

Option to Renew the Leases Annually

The obligation of the State, as Lessee, to make payments under the Leases (including the 2009A Lease) does not constitute an obligation of the State to apply its general resources beyond the current fiscal year. **The State is not obligated to pay Base Rent or Additional Rent under the Leases unless funds are appropriated by the Colorado General Assembly each year, notwithstanding the fact that sufficient funds may or may not be on deposit in the Assistance Fund or otherwise may be available for transfer from any other source.** If, on or before June 30 of each Fiscal Year, the Colorado General Assembly does not specifically appropriate amounts sufficient to pay all Base Rent and Additional Rent, as estimated, for the next Fiscal Year, then an “Event of Nonappropriation” will occur. If an Event of Nonappropriation occurs, as described above or otherwise as provided in the Leases (including the 2009A Lease), the Lease Term of the 2009A Lease will be terminated. Notwithstanding the foregoing, an Event of Nonappropriation shall not be deemed to occur if, on or before August 15 of the next ensuing Fiscal Year, (i) the Colorado General Assembly has appropriated amounts sufficient to avoid an Event of Nonappropriation and (ii) the State has paid all Rent due during the period from June 30 through the date of such appropriation or substitution. See the form of 2009A Lease “– Event of Nonappropriation,” in **Appendix B**.

There is no assurance that the State will renew the Leases from fiscal year to fiscal year and therefore not terminate the Leases, and the State has no obligation to do so. There is no penalty to the State (other than loss of the use of the Leased Property for itself and, unless the purchase option under a 2009A Sublease has been exercised, the 2009A Participating K-12 Institutions) if the State does not renew the Leases on an annual basis and therefore terminates all of its obligations under the Leases (including the 2009A Lease). Various political and economic factors could lead to the failure to appropriate or budget sufficient funds to make the required payments under the Leases, and prospective investors should carefully consider any factors which may influence the budgetary process. The appropriation of funds may be affected by the continuing need of the State or the 2009A Participating K-12 Institutions for the Leased Property (including the 2009A Leased Property). In addition, the ability of the State to maintain adequate revenues for its operations and obligations in general (including obligations associated with the 2009A Lease) is dependent upon several factors outside the State’s control, such as the economy and federal funding. Restrictions imposed under the State Constitution on the State’s revenues and spending apply to the collection and expenditure of certain revenues which may be used to pay Base Rent and Additional Rent, and also may impact the ability of the State to appropriate sufficient funds to pay Base Rent and Additional Rent each year. See “SECURITY AND SOURCES OF PAYMENT,” “STATE FINANCIAL INFORMATION” and **Appendices E and F** hereto.

Payment of the principal of and interest, if any, on the Certificates (including the Series 2009A Certificates) upon the occurrence of an Event of Lease Default or an Event of Nonappropriation will be dependent upon (1) the value of the Leased Property in a liquidation proceeding instituted by the Trustee or (2) any rental income from leasing (to others) the Leased Property. See “Effect of a Nonrenewal of the Leases” under this caption.

The State is not permitted to renew any of the Leases with respect to less than all of the Leased Property. Accordingly, a decision not to renew any Lease (including the 2009A Lease) would mean the loss of the use of all of the Leased Property by the State. However, each of the 2009A Participating K-12 Institutions which is a Sublessee has the right to exercise a purchase option under its respective 2009A Sublease in order to purchase and retain the right to use its portion of the 2009A Leased Property in the

event that the State chooses not to appropriate and thereby terminate the Leases (including the 2009A Lease). See “SECURITY AND SOURCES OF PAYMENT – The 2009A Leased Property.”

The Trustee, as Lessor or Trustee, has no obligation to, nor will it make any payment on the Series 2009A Certificates or otherwise pursuant to the 2009A Lease except to the extent of amounts in the Trust Estate under the Indenture.

Effect of a Nonrenewal of a Lease

General

In the event of nonrenewal of the State’s obligations under any of the Leases upon the occurrence of an Event of Nonappropriation or an Event of Default under such Lease, the State is required to vacate the Leased Property under the Leases and the 2009A Participating K-12 Institutions which are Sublessees are required to vacate the respective 2009A Leased Property being used under the 2009A Subleases (unless the purchase option under any 2009A Sublease has been exercised by any 2009A Participating K-12 Institution) within 90 days. The 2009A Subleases will automatically terminate upon any nonrenewal of any Lease by the State. Subject to the right of the respective 2009A Sublessees to purchase the 2009A Leased Property under the 2009A Subleases, the Trustee may proceed to lease the Leased Property or any portion thereof, including the sale of an assignment of the Trustee’s interest under the Site Leases, or exercise any other remedies available to the Trustee for the benefit of the Owners and may exercise one or any combination of the remedies available upon default as provided in the Indenture and the Leases. The 2009A Lease places certain limitations on the availability of money damages against the State as a remedy. For example, the 2009A Lease provides that a judgment requiring a payment of money may be entered against the State by reason of an Event of Nonappropriation only to the extent the State fails to vacate the Leased Property as required by the 2009A Lease and only as to certain liabilities as described in the 2009A Lease. All property, funds and rights acquired by the Trustee upon the nonrenewal of any Lease, along with other moneys then held by the Trustee under the Indenture (with certain exceptions as provided in the Leases and the Indenture), are required to be used to redeem the Certificates, if and to the extent any such moneys are realized. See the form of 2009A Lease – “Events of Default” and “– Remedies on Default” in **Appendix B** and “THE SERIES 2009A CERTIFICATES – Redemption – Extraordinary Redemption.”

The moneys derived by the Trustee from the exercise of the remedies described above may be less than the aggregate principal amount of the outstanding Certificates and accrued interest thereon. If any Certificates are redeemed subsequent to a termination of any Lease for an amount less than the aggregate principal amount thereof and accrued interest thereon, such partial payment will be deemed to constitute a redemption in full of such Certificates pursuant to the Master Indenture and applicable series indenture; and upon such a partial payment, no owner of any Certificate (including any Series 2009A Certificate) will have any further claims for payment upon the State, the Trustee, or the Participating K-12 Institutions.

Factors Affecting Value of Leased Property

A potential purchaser of the Series 2009A Certificates should not assume that it will be possible to sell, lease or sublease the Leased Property or any portion thereof after a termination of the Lease Term for an amount equal to the aggregate principal amount of the Certificates then Outstanding plus accrued interest thereon. This may be due to the inability to recover certain of the costs incurred in connection with the execution and delivery of the Certificates or the acquisition of the Leased Property. The valuation of the 2009A Leased Property has not been based on any independent third party appraisal or evaluation. See “SECURITY AND SOURCES OF PAYMENT – The 2009A Leased Property.” The

value of the Leased Property could be adversely affected by the presence, or even by the alleged presence of, hazardous substances. Present or future zoning requirements or other land use regulations may also restrict use of the Leased Property. The Sublessees and the State may also substitute other property for certain 2009A Leased Property as described in “SECURITY AND SOURCES OF PAYMENT – The 2009A Leased Property – Substitution of 2009A Leased Property.”

As described under “SECURITY AND SOURCES OF PAYMENT – The 2009A Leased Property,” the Trustee may only be able to lease the 2009A Leased Property related to Sargent’s 2009A Leased Property to a lessee that will continue to use it for educational purposes. Such restriction may limit the Trustee’s ability to obtain lease revenues for Owners in the event of nonrenewal of the State’s obligations under the related Lease.

Upon termination of any Lease, there is no assurance of any payment of the principal of Series 2009A Certificates by the State or the Trustee.

Enforceability of Remedies

Under the 2009A Lease, the Trustee has the right to take possession of and dispose of the Leased Property upon an Event of Nonappropriation or an Event of Default. However, the enforceability of the 2009A Lease is subject to applicable bankruptcy laws, equitable principles affecting the enforcement of creditors’ rights generally and liens securing such rights, and the police powers of the State. Because of the inherent police power of the State, a court in any action brought to enforce the remedy of the Trustee to take possession of the Leased Property may delay repossession for an indefinite period, even though the Lessee may be in default under the 2009A Lease. The right of the Trustee to obtain possession of the Leased Property and to sell, lease or sublease portions of the Leased Property could be delayed until appropriate alternative space is obtained by the 2009A Participating K-12 Institutions. As long as the Trustee is unable to take possession of the Leased Property, it will be unable to sell or re-lease the Leased Property as permitted under the 2009A Lease and the Indenture or to redeem or pay the Series 2009A Certificates except from funds otherwise available to the Trustee under the Indenture. See “SECURITY AND SOURCES OF PAYMENT.”

Effects on the Series 2009A Certificates of a Nonrenewal Event

Bond Counsel has expressed no opinion as to the effect of any termination of the State’s obligations under the 2009A Lease under certain circumstances as provided in the 2009A Lease, upon the treatment for federal or State income tax purposes of any moneys received by the Owners of the Series 2009A Certificates or the availability of the Tax Credit subsequent to such termination. See “TAX MATTERS.” If the 2009A Lease is terminated and the subject property is re-let to a lessee that is not a governmental entity, there is no assurance that the availability of the Tax Credit will not be adversely affected and that the Series 2009A Certificates will be transferable without registration, or a transactional exemption from registration, under the federal securities law following the termination of the 2009A Lease.

Insurance of the Leased Property

The 2009A Sublease requires that the 2009A Participating K-12 Institutions shall pay as Additional Rent, all of the expenses with respect to casualty and property damage insurance with respect to the 2009A Leased Property in an amount equal to the full replacement value of the 2009A Leased Property. The 2009A Sublease also requires that the 2009A Participating K-12 Institutions shall pay as Additional Rent, all of the expenses with respect to public liability insurance with respect to the activities to be undertaken by the 2009A Participating K-12 Institutions in connection with the 2009A Leased

Property and the 2009A Lease: (1) to the extent such activities result in injuries for which immunity is available under the Colorado Governmental Immunity Act, C.R.S. § 24-10-101 et seq. or any successor statute, in an amount not less than the amounts for which the State and the Series 2009A Participating K-12 Institutions may be liable to third parties thereunder and (2) for all other activities, in an amount not less than \$1,000,000 per occurrence. The 2009A Lease requires the State to make the same Additional Rent payments with respect to insurance but permits the State, in its discretion, to have the required insurance coverage provided by the State or the 2009A Participating K-12 Institutions and to have such required insurance provided under blanket insurance policies or through the Colorado School District's Self Insurance Program. The 2009A Leased Property is not covered by the State's risk management program. The insurance required by the 2009A Lease will be provided by the 2009A Participating K-12 Institutions pursuant to the Colorado School District Self Insurance Program. See "LITIGATION AND SOVEREIGN IMMUNITY – Self Insurance." There is no assurance that, in the event the 2009A Lease is terminated as a result of damage to or destruction or condemnation of the 2009A Leased Property, moneys made available by reason of any such occurrence will be sufficient to redeem the Series 2009A Certificates at a price equal to the principal amount thereof outstanding. See "THE SERIES 2009A CERTIFICATES – Redemption."

Actions under the 2009A Subleases

Although the State's payment of Rent under the 2009A Lease will not depend or be conditioned upon payment of Rent, if any, under the 2009A Subleases, certain actions by the 2009A Participating K-12 Institutions in respect of the related 2009A Leased Property or 2009A Project could have an adverse affect on the interests of the owners of the Series 2009A Certificates. For example, failure to operate or maintain the 2009A Leased Property under a 2009A Sublease in accordance with the terms thereof could diminish the value of that 2009A Leased Property; if, for whatever reason, the 2009A Lease terminates or the Trustee exercises re-letting or sale remedies thereunder, that diminished value could adversely affect the Trustee's ability to recoup rentals or obtain a sale price sufficient to pay Series 2009A Certificate principal or to redeem the full Series 2009A Certificate principal, as the case may be. Violations of environmental laws similarly could diminish the re-letting or sale value of the subject Leased Property, and could lead to statutory remedies under applicable federal and state laws. Failure by a 2009A Participating K-12 Institution to obtain the casualty and property insurance policies required by the applicable 2009A Sublease could limit the principal amount of Series 2009A Certificates redeemed upon the damage or destruction of the subject 2009A Leased Property under certain circumstances. In addition, while the State expects that Series 2009A Certificate principal will be paid from funds other than moneys derived from payments in respect of property used in a private trade or business, and also expects that the 2009A Leased Property will be used by 2009A Participating K-12 Institutions, which are governmental units, use of the 2009A Projects financed with Series 2009A Certificate proceeds by private persons or businesses, within the meaning of applicable tax law, could adversely affect the federal tax treatment of Series 2009A Certificates.

State 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. The most recent OSPB revenue forecast was issued on June 22, 2009 (the "OSPB June Revenue Forecast") and is summarized in this Official Statement. See "STATE FINANCIAL INFORMATION" and "APPENDIX E – THE STATE GENERAL FUND – Revenue Estimation" and " – OSPB Revenue and Economic Forecasts."

The State's Fiscal Year budgets are not prepared on a cash basis, but rather are prepared using the accrual method of accounting in accordance with the standards promulgated by the Governmental Accounting Standards Board ("GASB"), with certain statutory exceptions. The State could experience temporary and cumulative cash shortfalls as the result of differences in the timing of the actual receipt of revenues and payment of 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. See "STATE FINANCIAL INFORMATION – Budget Process and Other Considerations."

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 "FORWARD LOOKING STATEMENTS."

Control of Remedies

Under the Indenture, the Owners of a majority in principal amount of all the Certificates then Outstanding have the right, at any time, to the extent permitted by law, to direct the Trustee to act or refrain from acting or to direct the manner or timing of any action by the Trustee under the Indenture or any Lease or Site Lease or to control any proceedings relating to the Indenture or any Lease or Site Lease; provided that such direction shall not be otherwise than in accordance with the provisions of the Indenture. See Section 7.06 of the Master Indenture attached in **Appendix B** hereto. The interests of Owners of the Series 2009A Certificates may vary from the interests of the Owners of other Series of Certificates for a variety of reasons.

Future Changes in Laws

Various Colorado laws, including the Act, apply to the priority and allocation of rental income and royalties derived from State school lands, allocation of State lottery proceeds, availability of funds for appropriation by the State, and other operations of the State. There is no assurance that there will not be any change in, interpretation of, or addition to the applicable laws, provisions and regulations which would have a material effect, directly or indirectly, on the affairs of the State and such funds.

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 3,350 to 14,431 feet above sea level. The current population of the State is approximately 4.9 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 AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2008" and **Appendix G** – "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 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 will be subject to a general election in November 2010. No elected executive official may serve more than two consecutive terms in the same office.

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 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

*It is important for prospective purchasers to analyze the financial and overall status of the State, including the Assistance Fund and the State General Fund, in order to evaluate the likelihood of an Event of Default or an Event of Nonappropriation. See "SECURITY AND SOURCES OF PAYMENT" and "CERTAIN RISK FACTORS." This section and the following section have been included to provide prospective purchasers with information relating to such matters. See also **Appendix E** – "THE STATE GENERAL FUND," **Appendix F** – "PUBLIC SCHOOL CAPITAL CONSTRUCTION ASSISTANCE FUND" and **Appendix G** – "CERTAIN STATE ECONOMIC AND DEMOGRAPHIC INFORMATION." The information in these sections and Appendices has been provided by the State.*

The Treasurer

The State constitution provides that the Treasurer is to be the custodian of public funds in the Treasurer's care, subject to legislative direction concerning safekeeping and management of such funds. The Treasurer is the head of the statutorily created Department of the Treasury (the "**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 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 Treasury under procedures prescribed by law or by fiscal rules promulgated by the Office of the State Controller. The Treasurer and the Office of the State Controller may authorize

any department, institution or agency collecting or receiving State moneys to deposit such moneys to a depository to the Treasurer's credit in lieu of transmitting such moneys to the Treasury

The Treasurer has discretion to invest in a broad range of interest bearing securities described by statute. See "STATE FINANCIAL INFORMATION – Investment and Deposit of State Funds" and **Appendix E** – "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

TABOR (defined below) imposes various fiscal limits and requirements on the State and its local 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; or (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. For Fiscal Year 2008-09, the Long Appropriation Bill (the "**Long Bill**"), in conjunction with other legislation, designates the funds that constitute the TABOR Reserve. For Fiscal Year 2008-09, the TABOR Reserve is comprised of portions of the Major Medical Insurance Fund and the Wildlife Cash Fund, as well as fund equity and certain State properties with an aggregate value of

up to \$114.5 million as designated by the Governor. For Fiscal Year 2009-10, the TABOR Reserve will be comprised of portions of the Major Medical Insurance Fund and the Wildlife Cash Fund, as well as certain State properties with an aggregate value of up to \$81.1 million as designated by the Governor. The funds and other assets described above, in the aggregate, meet the TABOR Reserve requirement for Fiscal Years 2008-09 and 2009-10.

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 2001-02 and 2003-04, when TABOR revenues declined by 13.0%, followed by increases in subsequent Fiscal Years.

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, and Referendum C, approved by the State's voters on November 1, 2005 and described in "*Colorado Economic Recovery Act of 2005*" below, disables the "ratcheting down" effect of TABOR on the State altogether through June 2010, and thereafter establishes a floor on the amount of the ratchet down.

The "Growth Dividend"

House Bill ("**HB**") 02-1310 and SB 02-179 enabled the State to recoup revenues lost as the result of the TABOR limits having been computed during the 1990s using population estimates that were too low. This undercount resulted in lower TABOR limits and higher refunds than would have occurred using more accurate population figures. The percentage change associated with this lost revenue was called the "growth dividend."

The TABOR limit for Fiscal Year 2001-02 was calculated using the 2000 census measure of the State's population compared with an estimate of 1999 population that was not yet revised to reflect the 2000 census. In 2001, the U.S. Bureau of the Census reported that the State's population between 1990 and 2000 was undercounted by 6%.

Since the State was not in a TABOR surplus position in Fiscal Year 2001-02, it could not recoup the excess amount refunded to taxpayers through the 1990s as the result of the undercounting of the State's population. HB 02-1310 and SB 02-179 permitted the growth dividend to be carried forward for up to nine years. The growth dividend was applied to the TABOR limit in an amount that maximizes the

TABOR revenue growth rate subject to available TABOR revenues. In subsequent years, the unused amount of the growth dividend is applied in a similar manner until either the cumulative amount by which the TABOR limit is increased equals 6% (the original growth dividend amount) or the nine-year limit is reached.

The State used the 6% growth dividend in Fiscal Years 2003-04 and 2004-05, which eliminated the TABOR surplus in Fiscal Year 2003-04 and reduced the TABOR surplus in Fiscal Year 2004-05. This adjustment allowed the State to keep \$283.3 million in additional revenues in Fiscal Year 2003-04 and \$187.2 million in additional revenues in Fiscal Year 2004-05.

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 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 permits the State to retain and appropriate State revenues in excess of the 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 does not, however, eliminate the 6% limit on the annual growth of total appropriations from the General Fund.

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. 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 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.

As a result of Referendum C, the State was allowed to retain \$1.116 billion in Fiscal Year 2005-06, \$1.308 billion in Fiscal Year 2006-07 and \$1.169 billion in Fiscal Year 2007-08. However, the OSPB forecasts that State revenues in Fiscal Years 2008-09 and 2009-10 will not exceed the TABOR limit. See **Appendix E** – “THE STATE GENERAL FUND – General Fund Overview.”

The OSPB currently forecasts that, although economic conditions are anticipated to improve by the end of 2009, TABOR revenues in Fiscal Year 2009-10 are not anticipated to exceed Fiscal Year 2007-08 revenues, resulting in Fiscal Year 2007-08 being the highest TABOR revenue year under Referendum C. The OSPB also forecasts that the State will be able to retain and appropriate an aggregate of approximately \$3.6 billion in additional revenue beyond the TABOR limit between Fiscal Years 2005-06 and 2009-10 as the result of Referendum C.

Effect of TABOR on the Series 2009A Certificates

Voter approval under TABOR is not required for the execution and delivery of the Series 2009A Certificates because the State’s obligations under the Leases are payable within any Fiscal Year only if amounts for such payments have been appropriated for such Fiscal Year, and, therefore, such obligations are not a “multiple fiscal year direct or indirect . . . debt or other financial obligation.” The revenue and spending limits of TABOR are not expected to affect the ability of the State to make payments required under the Leases.

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. See **Appendix E**. The State also maintains several statutorily created special funds for which specific revenues are designated for specific purposes.

Budget Process and Other Considerations

Budget Process

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 department 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 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 Appropriation Bill (the “**Long Bill**”) which is introduced in and approved by the General Assembly. Following receipt of testimony by State departments and agencies, the Joint Budget Committee 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) cash funds appropriations supported primarily by grants, transfers and departmental charges for services, and (iii) 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 2009-10 was adopted by the General Assembly on April 24, 2009.

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 2009-10 was approved in part and disapproved in part by the Governor on May 1, 2009.

Phase IV (Legislative). During the Fiscal Year for which appropriations have been made, the General Assembly may increase or decrease appropriations through supplementary 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, which Unappropriated Reserve may be used for possible deficiencies in 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. Per SB 09-219 and SB 09-277, the Unappropriated Reserve for Fiscal Years 2008-09 and 2009-10 was reduced from previously designated 4% to 2% of the amount appropriated for expenditure from the General Fund in each such Fiscal Year.

For Fiscal Year 2008-09, per SB 09-219, if the OSPB June 2009 Revenue Forecast indicates that General Fund expenditures for such Fiscal Year, based on appropriations then in effect, will exceed General Fund revenues available for expenditures, excluding the amount of the 2% Unappropriated Reserve, the Governor may, by written order, further reduce the Unappropriated Reserve from 2% to either a lower percentage or to zero as is necessary to the greatest extent possible any General Fund appropriations then in effect for which General Fund moneys would not otherwise be available comprising such reserve. See **Appendix E** – “THE STATE GENERAL FUND.”

Expenditures: The Balanced Budget and Statutory Spending Limitation

The State constitution requires that expenditures for any Fiscal Year not exceed revenues 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 to and including Fiscal Year 2008-09, total General Fund appropriations are 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 the 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 Appropriations Limit 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. The excess funds appropriated as the result of such declaration are not to be included in calculating the maximum level of General Fund appropriations in subsequent Fiscal Years.

Fiscal Year Spending and Emergency Reserves

TABOR 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 and Administration. The Controller is head of the Office of the State Controller Office and the 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 Treasury are made by warrants signed by the Controller and countersigned by the Treasurer, or by electronic funds transfer. The signature of the Controller on a warrant is full authority for the Treasurer to pay the warrant upon presentation.

The Controller is appointed by the Executive Director of the Department of Personnel and Administration. The 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 Controller prepares a comprehensive annual financial report 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 State’s Fiscal Year 2007-08 Comprehensive Annual Financial Report appended to this Official Statement as **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) funds that are related to fees, permits and other charges.

Financial Audits

Financial and post-performance audits of all State agencies are performed by the State Auditor (the “**Auditor**”) through her 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 composed 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 2007-08 Comprehensive Annual Financial Report, including the State Auditor’s Opinion thereon, is appended to this Official Statement as **Appendix A**. 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 its report included herein, any procedures on the financial statements addressed in that report, nor has the Office of the State Auditor performed any procedures relating to this Official Statement.

Investment and Deposit of State Funds

The Treasurer is empowered by Articles 36 and 75 of Title 24, Colorado Revised Statutes, 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 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 Treasurer is also required to formulate investment policies regarding the liquidity, maturity and diversification appropriate to each Fund or pool of funds in the Treasurer’s custody available for investment. In accordance with this directive, the 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 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 Fiscal Year 2007-08 Comprehensive Annual Financial Report appended to this Official Statement as **Appendix A**.

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 issuance of the Series 2009A Certificates 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. The minimum lease payments due in Fiscal Year 2008-09 under lease-purchase agreements entered into by the State were \$40.15 million (unaudited) and are estimated to be \$53.95 million in Fiscal Year 2009-10 (including lease payments to be made by the State under the annually renewable lease purchase agreement entered into by the State in November 2008). In addition, the State entered into lease purchase agreements in July 2009 to finance the Ralph L. Carr Justice Center Complex and Colorado History Center; these lease purchase agreements do not have lease payments in 2008-09 or 2009-10 due to the capitalization of interest. See Notes 24 and 38 to the audited financial statements of the State appended to this Official Statement. In addition, in Fiscal Year 2009-10, the State anticipates entering into the 2009A Lease and another Lease to finance K-12 schools.

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. The minimum lease/rental payments due for buildings and/or equipment for Fiscal Year 2008-09 were \$72.47 million (unaudited) and are estimated to be \$66.12 million in Fiscal Year 2009-10. See Note 22 to the audited financial statements of the State appended to this Official Statement.

For the purpose of financing certain qualified federal aid transportation projects in the State, CDOT issues Transportation Revenue Anticipation Notes. At June 30, 2009, CDOT has outstanding \$1.060 billion (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, and certain other moneys. 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, construction of facilities and infrastructure and to finance student loans. 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, 2008, see Notes 24 and 38 to the audited financial statements of the State appended to this Official Statement.

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 made all of the statutorily required contributions to the PERA Health Care Trust Fund. See Notes 18, 19 and 20 to the audited financial statement of the State appended to this Official Statement.

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 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.

Note Issues of the State

Under Colorado 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 1984-1985, the State has issued tax and revenue anticipation notes 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. The State has also issued education loan anticipation notes 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.

FORWARD-LOOKING STATEMENTS

This Official Statement, including but not limited to the material set forth under “STATE FINANCIAL INFORMATION” and in **Appendix E**, contains statements relating to future results that are “forward-looking statements.” When used in this Official Statement, the words “estimates,” “intends,” “expects,” “believes,” “anticipates,” “plans,” and similar expressions identify forward-looking statements. Any forward-looking statement is subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop the forward-looking statements will not be realized and unanticipated events and circumstances will occur. Therefore, it can be expected that there will be differences between forward-looking statements and actual results, and those differences may be material.

LITIGATION AND SOVEREIGN IMMUNITY

No Litigation Affecting the Series 2009A Certificates

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 2009A Certificates or questioning or affecting the validity of the Series 2009A Certificates 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 Treasurer to enter the 2009A Lease or the Subleases in the manner provided in the Act.

Governmental Immunity

The Colorado Governmental Immunity Act, Article 10 of Title 24, Colorado Revised Statutes (“**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 or the Participating K-12 Institutions, or State or Regent 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 Institutions, or State or Regent 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 6-H-I, 21 and 37 to the financial statements appended to this Official Statement as **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

The State

For a description of pending material litigation in which the State is a defendant, see Note 37 to the financial statements appended as **Appendix A** to this Official Statement. In March 2009, subsequent

to the completion of such financial statements, the suit brought by the Mesa County Board of County Commissioners and others challenging the constitutionality of SB 07-199, discussed in Note 37, was decided by the Colorado Supreme Court in favor of the State. The State Attorney General does not believe that any other actions discussed in Note 37, 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 security for the Series 2009A Certificates. There can be no assurance, however, regarding the ultimate outcome of the actions described in Note 37, and no provision has been made for a liability in the financial statements related to the actions discussed in that Note. The State Attorney General also does not believe that since June 30, 2008, 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 security for the Series 2009A Certificates.

TAX MATTERS

Introduction

The following is a summary of certain material federal income tax consequences of the purchase, ownership and disposition of the Series 2009A Certificates for the investors described below. This summary is based upon laws, regulations, rulings and decisions currently in effect, all of which are subject to change, possibly with retroactive effect. Certain material federal income tax consequences that apply only to Tax Credit Strips and Principal Strips are summarized in “Tax Credit Stripping” below. The discussion does not deal with all federal tax consequences applicable to all categories of investors, some of which may be subject to special rules, including but not limited to, partnerships or entities treated as partnerships for federal income tax purposes, pension plans and foreign investors, except as otherwise indicated, or deal with all issues that may be relevant to purchasers in special tax situations (such as financial institutions, taxpayers subject to the alternative minimum tax, life insurance companies, tax exempt organizations, dealers in securities or currencies, traders in securities that elect to mark to market, or Series 2009A Certificates held as a hedge or as part of a hedging, straddle, constructive sale or conversion transaction). This summary is limited to investors that are “U.S. holders” (as defined below) who will hold the Series 2009A Certificates as “capital assets” (generally, property held for investment) within the meaning of Section 1221 of the Code. Investors should consult their own tax advisors to determine the federal, state, local and other tax consequences of the purchase, ownership and disposition of Series 2009A Certificates. Prospective investors should note that no rulings have been or will be sought from the IRS with respect to any of the federal income tax consequences discussed below, and no assurance can be given that the IRS will not take contrary positions.

As used herein, a “U.S. holder” is a “U.S. person” that is a beneficial owner of a Series 2009A Certificate. For these purposes, a “U.S. person” is a citizen or resident of the United States, a corporation or partnership created or organized in or under the laws of the United States or any political subdivision thereof (except, in the case of a partnership, to the extent otherwise provided in the Treasury Regulations), an estate the income of which is subject to United States federal income taxation regardless of its source or a trust if (i) a United States court is able to exercise primary supervision over the trust’s administration and (ii) one or more United States persons have the authority to control all of the trust’s substantial decisions; and, in each case, is subject to United States federal income taxation on a net basis in respect of income attributable to the Series 2009A Certificates.

This summary does not purport to be a complete discussion of all federal income tax consequences relating to making an investment in the Series 2009A Certificates and the discussion herein concerning certain tax consequences with respect to an investment in the Series 2009A Certificates is

included for general information only. All persons are urged to consult their own tax advisors to determine the specific tax consequences of making an investment in the Series 2009A Certificates, including any state, local or non-U.S. tax consequences.

To ensure compliance with Treasury Circular 230, holders of the Series 2009A Certificates, Principal Strips or Tax Credit Strips should be aware and are notified that: (i) the discussion in this Official Statement with respect to U.S. federal income tax consequences of owning the Series 2009A Certificates, Principal Strips or Tax Credit Strips is not intended or written to be used, and cannot be used, by any taxpayer for the purpose of avoiding penalties that may be imposed on the taxpayer; (ii) such discussion was written in connection with the promotion or marketing (within the meaning of Treasury Circular 230) of the Series 2009A Certificates, Principal Strips and Tax Credit Strips; and (iii) each taxpayer should seek advice based on its particular circumstances from an independent tax advisor.

Qualified School Construction Bonds and Tax Credits

The State will designate the Series 2009A Certificates as taxable “qualified school construction bonds” within the meaning of Section 54F of the Code. The Owners of qualified school construction bonds are allowed a credit under the Code against their federal income tax liability. In the case of the Series 2009A Certificates, the Owners thereof on a Credit Allowance Date will be allowed a Tax Credit against their federal income tax liability. The amount of the Tax Credit is equal to the product of the published credit rate for the date on which the Series 2009A Certificate are first sold (7.18%), times the outstanding principal amount of each Series 2009A Certificate on the relevant Credit Allowance Date, divided by four. The Tax Credit allowed for the first Credit Allowance Date is the ratable portion of the tax credit otherwise allowed on such date based on an initial issuance date of August 12, 2009. If a Series 2009A Certificate is redeemed or matures on a date other than March 15, June 15, September 15 or December 15, the redemption or maturity date will be a Credit Allowance Date and the amount of the associated Tax Credit will be a ratable portion of the tax credit otherwise allowed based on the earlier Credit Allowance Date.

Generally, a taxpayer who owns a Series 2009A Certificate will recognize the amount of the Tax Credit as a credit against its federal income tax liability, including estimated tax payments, if any, on a given Credit Allowance Date. Tax Credits will be treated by the IRS similar to the way withheld taxes are treated for federal income tax purposes and will reduce the amount of either a taxpayer’s subsequent estimated tax payments, if any, or its final tax liability as reflected on its tax return for the related tax year. The Tax Credit allowed may not exceed the sum of the taxpayer’s regular tax liability and alternative minimum tax liability under Section 55 of the Code less, in general, the taxpayer’s other tax credits (except refundable tax credits set forth in subparts C (Sections 31-37) and J (Section 54A) of part IV of subchapter A of the Code). The Tax Credit is not considered a passive activity credit under Code Section 469(d) and is, therefore, not subject to the limitations with respect to passive activity credits.

The Tax Credits are not refundable tax credits. However, if an Owner of a Tax Credit cannot use all of the Tax Credit otherwise allocable for the taxable year, such Owner is allowed to carry forward to a subsequent tax year the unused portion of the Tax Credit.

Section 54A of the Code requires the Owners of Series 2009A Certificates to include the amount of the Tax Credit (determined without reference to the limitation described in the second paragraph above) in gross income. It is expected that Treasury Regulations will provide that such amount must be treated as if it were a payment of “qualified stated interest” on each Credit Allowance Date (referred to herein as “deemed interest”). Unless subject to the Stripping rules described in “Tax Credit Stripping” below, a cash method taxpayer would take the deemed interest payment into account on the Credit Allowance Date, while an accrual method taxpayer would accrue such amount as income over the three

month period that ends on the Credit Allowance Date (or a shorter period for a short first or last Credit Allowance Date). If such an accrual method Owner of a Series 2009A Certificate sells or exchanges such Series 2009A Certificate before any given Credit Allowance Date, the Owner must accrue the deemed interest income up to the date of the sale or exchange but would not qualify for any of the Tax Credit for such Credit Allowance Date. It would appear that, because the subsequent purchaser would obtain the full credit for that Credit Allowance Date, the purchase price would reflect the accrual of the deemed interest amount. It would also appear that the receipt of such amount by the taxpayer primarily would constitute a return of capital (tax basis) and not be subject to additional (i.e., double) taxation to the taxpayer.

The Tax Credit may be taken into account by a taxpayer in computing the amount of quarterly estimated tax payments required to be paid by such taxpayer. Individual calendar year taxpayers should note that the March 15 and December 15 Credit Allowance Dates do not correspond to the regular estimated tax payment dates of April 15 and January 15.

In the case of a Series 2009A Certificate held by an S corporation or partnership, the allocation of the Tax Credit to the shareholders of such corporation or partners of such partnership will be treated as a distribution. If any Series 2009A Certificate is held by a real estate investment trust, the Tax Credit shall be allowed to the beneficiaries of the such trust (and any gross income included with respect to such Tax Credit will be distributed to such beneficiaries) under procedures prescribed by the Secretary of the Treasury pursuant to Section 54A(h) of the Code.

No opinion is being expressed as to the utility of Tax Credits for any particular Owner or subsequent purchaser of a Series 2009A Certificate, and prospective purchasers of the Series 2009A Certificates are encouraged to consult with their own tax advisors concerning the purchase of Series 2009A Certificates.

Tax Opinion with Respect to Qualified School Construction Bond Status. In the opinion of Bond Counsel, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants by the State and the 2009A Participating K-12 Institutions, the Series 2009A Certificates are “qualified school construction bonds” within the meaning of Section 54F of the Code, as amended. Owners of Series 2009A Certificates and Owners of any Tax Credit Strips created by the stripping of the Series 2009A Certificates as of the applicable Credit Allowance Date are entitled, subject to the limitations on the amount of credit set forth in Code Section 54A(c), to a federal income tax credit for such taxable year. With regard to the Tax Credits which have not been Stripped from the related Series 2009A Certificates, the amount of the Tax Credit will be treated as interest for federal income tax purposes and will be included in gross income for the Owners of Series 2009A Certificates. With regard to Tax Credit Strips and Principal Strips, the amount of original issue discount accruing thereon during each taxable year will be included in gross income by the Owner of such instrument. A complete copy of the proposed form of opinion of Bond Counsel is set forth in **Appendix D** hereto.

The Code imposes various restrictions, conditions and requirements relating to the qualification of the Series 2009A Certificates as “qualified school construction bonds” within the meaning of Section 54F of the Code. The State and the 2009A Participating K-12 Institutions have made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that the Series 2009A Certificates continue to qualify as qualified school construction bonds. Inaccuracy of these representations or failure to comply with these covenants may result in termination of the Tax Credit, possibly from the date of original issuance of the Series 2009A Certificates. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or

not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the Series 2009A Certificates may adversely affect the value of, or the availability of the Tax Credit with respect to, the Series 2009A Certificates. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that the Series 2009A Certificates are "qualified school construction bonds" within the meaning of Section 54F of the Code, the ownership or disposition of, or the accrual or receipt of the Tax Credit with respect to, the Series 2009A Certificates may otherwise affect an Owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Owner or the Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences. Prospective purchasers should consult their own tax advisors as to the other consequences.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Series 2009A Certificates for federal income tax purposes. The legal authorities setting forth and interpreting sections 54A and 54F of the Code are new and, in many areas, incomplete. The opinion of Bond Counsel is not binding on the IRS or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the State and the 2009A Participating K-12 Institutions, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The State and the 2009A Participating K-12 Institutions have covenanted, however, to comply with the requirements of the Code.

The opinion of Bond Counsel with respect to the qualification of the Series 2009A Certificates as "qualified school construction bonds" is based on new legal authorities, selected topics of which later will be supplemented through promulgation of temporary or proposed regulations with possible retroactive effect. Accordingly, the opinion of Bond Counsel speaks only as of its date and is not intended to, and may not, be relied upon in connection with any such actions, events, matters or future temporary or proposed regulations.

Bond Counsel assumes no duty to update or supplement its opinions to reflect any changes in law that may thereafter occur or become effective. Bond Counsel's opinions are not a guarantee of a particular result and are not binding on the IRS or the courts; rather, such opinions represent Bond Counsel's professional judgment based on its review of existing law, and in reliance of the representations and covenants that Bond Counsel deems relevant to such opinions. Bond Counsel's opinion expresses the professional judgment of the attorneys rendering its opinions. Bond Counsel does not become an insurer or guarantor of the result indicated by that expression of professional judgment, of the transaction on which the opinions are rendered, or of the future performance of the Series 2009A Certificates, nor does the rendering of such opinions guarantee the outcome of any legal dispute that may arise with respect to the Series 2009A Certificates or the Tax Credits.

Bond Counsel's engagement with respect to the Series 2009A Certificates ends with the issuance of the Series 2009A Certificates, and, unless separately engaged, Bond Counsel is not obligated to defend the State or the Owners regarding the tax status of the Series 2009A Certificates in the event of an audit examination by the IRS. Under current procedures, parties other than the State and their appointed counsel, including the Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of Series 2009A Certificates is difficult, obtaining an independent review of IRS positions with which the State legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Series 2009A Certificates or Tax Credits for audit, or the course or result of such audit, or

an audit of state or local government obligations presenting similar tax issues may affect the market price for, or the marketability of, the Series 2009A Certificates and may cause the State or the Owners to incur significant expense.

No other opinion is expressed regarding other federal tax consequences related to the ownership or disposition of, or the receipt of the Tax Credit or the accrual or receipt of the deemed interest with respect to, the Series 2009A Certificates, Principal Strips or Tax Credit Strips. In addition, no opinion is expressed as to the effect of any termination of the State's obligations under the 2009A Lease, under certain circumstances as provided in the 2009A Lease, upon the treatment for federal income tax purposes of any moneys received by the Owners of the Series 2009A Certificates, Principal Strips or Tax Credit Strips subsequent to such termination; nor with respect to the effect of any refunding, reissuance or defeasance of the Series 2009A Certificates.

Taxation and Treatment of Interest Income from the Series 2009A Certificates. Although the Series 2009A Certificates are obligations of a state or local government under the Code, amounts treated as interest on the Series 2009A Certificates (including OID, as discussed below) are not excludable from gross income for federal income tax purposes under Section 103 of the Code and will be fully subject to federal income taxation. The Owners of the Series 2009A Certificates generally must include interest (including OID) on the Series 2009A Certificates in gross income for federal income tax purposes as ordinary income when received or accrued by the holders thereof in accordance with their respective methods of accounting and applicable provisions of the Code.

Interest deemed to be received with respect to the Series 2009A Certificates will also constitute investment income for purposes of certain limitations of the Code concerning the deductibility of investment interest expense. Potential holders of the Series 2009A Certificates should consult their own tax advisors concerning the treatment of interest deemed to be received with respect to the Series 2009A Certificates.

Sale or Exchange of Series 2009A Certificates. If an Owner of a Series 2009A Certificate sells or exchanges a Series 2009A Certificate, such person will recognize gain or loss equal to the difference between the amount realized on such sale or exchange (other than cash attributable to accrued interest) and such Owner's basis in such Series 2009A Certificate. An Owner's initial tax basis in a Series 2009A Certificate generally will be equal to the purchase price paid by such Owner for such Series 2009A Certificate. As further described below, an Owner's tax basis in a Series 2009A Certificate will be increased by the amount of OID (as defined below), if any, that is included in the Owner's income, and decreased by the amount of premium, if any, amortized as a reduction to interest income, pursuant to the rules described herein, and any payment of principal. Ordinarily, such gain or loss will be treated as a capital gain or loss. At the present time, the maximum capital gain rate for certain assets held for more than twelve months is 15%. However, if a Series 2009A Certificate was subject to its initial issuance at a discount, a portion of such gain will be recharacterized as interest and therefore ordinary income. In February of 2009, President Barack Obama proposed increasing the long-term capital gains rate to 20%. It cannot be predicted whether this increase will receive be approved by Congress or enacted into law.

If the terms of a Series 2009A Certificate were materially modified, in certain circumstances, a new debt obligation would be deemed created and exchanged for the prior obligation in a taxable transaction. Among the modifications that may be treated as material are those that relate to redemption provisions and, in the case of a nonrecourse obligation, those that involve the substitution of collateral. Each potential holder of a Series 2009A Certificate should consult its own tax advisor concerning the circumstances in which the Series 2009A Certificates would be deemed reissued and the likely effects, if any, of such reissuance.

Original Issue Discount. Certain of the Series 2009A Certificates may be sold at an OID. The difference between the initial public offering prices of such Series 2009A Certificates and their stated amounts to be paid at maturity constitutes OID treated in the same manner for federal income tax purposes as interest, as described above in “Taxation and Treatment of Interest Income from the Series 2009A Certificates.”

The stated amount to be paid at maturity of a Series 2009A Certificate is the sum of all payments to be paid with respect to the Series 2009A Certificate at maturity other than “qualified stated interest” payments. The term “qualified stated interest” generally means stated interest that is unconditionally payable in cash or property (other than debt instruments of the issuer) at least annually at a single fixed rate. As noted above, it is expected that Treasury Regulations will provide that the amount of the Tax Credit must be treated as if it were a payment of “qualified stated interest” on each Credit Allowance Date.

Payments (including deemed payments) of qualified stated interest on a Series 2009A Certificate are taxable to an Owner as ordinary interest income at the time such payments are accrued or are received (in accordance with the Owner’s regular method of tax accounting). An Owner of an OID Series 2009A Certificate must include OID in income as ordinary income for United States federal income tax purposes as it accrues under a constant yield method in advance of receipt of the cash payments attributable to such income, regardless of such Owner’s regular method of tax accounting. Under the OID rules, Owners generally will have to include in income increasingly greater amounts of OID in successive accrual periods. An Owner’s adjusted basis in a Series 2009A Certificate is increased by the amount of such accruing OID for purposes of determining taxable gain or loss on the sale or other disposition of a Series 2009A Certificate, or a component thereof, for federal income tax purposes. Prospective investors should consult their own tax advisors concerning the calculation of OID with regard to a Series 2009A Certificate. Holders may generally, upon election, include in income all interest (including stated interest, acquisition discount, OID, de minimis OID, market discount, de minimis market discount, and unstated interest, as adjusted by any amortizable bond premium or acquisition premium) that accrues on a debt instrument by using the constant yield method applicable to OID, subject to certain limitations and exceptions.

Market Discount. A purchaser (other than a person who purchases a Series 2009A Certificate upon issuance at the issue price) who buys a Series 2009A Certificate at a discount from its principal amount (or its adjusted issue price if issued with OID greater than a specified de minimis amount) will be subject to the market discount rules of the Code. In general, the market discount rules of the Code treat principal payments and gain on disposition of a debt instrument as ordinary income to the extent of accrued market discount. Although the accrued market discount on debt instruments such as the Series 2009A Certificates that are subject to prepayment based on the prepayment of other debt instruments is to be determined under regulations yet to be issued, the legislative history of the market discount provisions of the Code indicate that the same prepayment assumption used to calculate OID should be utilized. Each potential investor should consult his tax advisor concerning the application of the market discount rules to the Series 2009A Certificates.

An Owner of a Series 2009A Certificate that allocates a basis in the Series 2009A Certificate that is greater than the principal amount of the Series 2009A Certificate should consult their own tax advisors with respect to whether or not they should elect to amortize such premium under section 171 of the Code.

If a holder other than the initial purchaser purchases a Series 2009A Certificate for an amount that is less than the principal amount of the Series 2009A Certificate, and such difference is not considered to be de minimis, then such discount will represent market discount. Absent an election to accrue market discount currently, upon a sale or exchange of a Series 2009A Certificate, a portion of any gain will be

ordinary income to the extent it represents the amount of any such market discount that was accrued through the date of sale. In addition, absent an election to accrue market discount currently, the portion of any interest expense incurred or continued to carry a market discount bond that does not exceed the accrued market discount for any taxable year, will be deferred. If a holder of a Series 2009A Certificate elects to accrue market discount pursuant to Section 1276 of the Code, such accruals will be treated annually as ordinary income to such holder.

Tax Reporting. To date, the IRS has not issued any rulings or regulations or otherwise provided any guidance with respect to the mechanics of reporting of the Tax Credits as the equivalent of interest income, the reporting of the availability of the Tax Credits to the Owners thereof, or the accrual of OID on the Series 2009A Certificates, and Tax Credit Strips or Principal Strips. Any form furnished to an Owner may specify an amount of taxable income different from the actual amount of taxable income reportable by such Owner if such Owner is not the original purchaser of a Series 2009A Certificate. In all events, the Owner of a Series 2009A Certificate must include on its income tax return information with respect to the amount of taxable interest accrued as OID during the taxable year.

Backup Withholding. Under current federal income tax law, a 28% backup withholding tax requirement may apply to certain payments of interest and OID on, and the proceeds of a sale, exchange or redemption of, the Series 2009A Certificates. The IRS has not provided guidance regarding how the 28% backup withholding tax requirement will apply to the deemed interest payments represented by the Tax Credits. Therefore, it is not clear how or whether such withholding would occur. In addition, certain persons making such payments are required to submit information returns (i.e., IRS Forms 1099) to the IRS with regard to those payments. Backup withholding and information reporting will generally not apply with respect to payments made to certain exempt recipients such as corporations or certain exempt entities.

Payments (including deemed payments) on the Series 2009A Certificates to a non U.S. holder that has no connection with the United States other than holding its Series 2009A Certificate, Principal Strip or Tax Credit Strip generally will be made free of withholding tax, as long as that the holder has complied with certain tax identification and certification requirements.

State, Local or Foreign Taxation. Other than as provided in “Exemption Under State Law” below, no representations regarding the tax consequences of purchase, ownership or disposition of the Series 2009A Certificates under the tax laws of any state, locality or foreign jurisdiction are being made. Investors considering an investment in the Series 2009A Certificates should consult their own tax advisors regarding such tax consequences.

Tax-Exempt Investors. In general, an entity which is exempt from federal income tax under the provisions of Section 501 of the Code is subject to tax on its unrelated business taxable income. An unrelated trade or business is any trade or business which is not substantially related to the purpose which forms the basis for such entity’s exemption. However, under the provisions of Section 512 of the Code, interest may be excluded from the calculation of unrelated business taxable income unless the obligation which gave rise to such interest is subject to acquisition indebtedness. As noted below, Bond Counsel has rendered its opinion that the obligations of the State to pay Base Rent under the 2009A Lease (and the Series 2009A Certificates evidencing undivided interests in the right to such Base Rent) will be characterized as indebtedness of the State for federal income tax purposes. Therefore, except to the extent any holder of a Series 2009A Certificate incurs acquisition indebtedness with respect to a Series 2009A Certificate, interest paid or accrued with respect to such holder may be excluded by such holder from the calculation of unrelated business taxable income. Each potential tax exempt holder of a Series 2009A Certificate is urged to consult its own tax advisor regarding the application of these provisions.

Certain ERISA Considerations. The Employee Retirement Income Security Act of 1974, as amended (“ERISA”), imposes certain requirements on “employee benefit plans” (as defined in Section 3(3) of ERISA) subject to ERISA, including entities such as collective investment funds and separate accounts whose underlying assets include the assets of such plans (collectively, “ERISA Plans”) and on those persons who are fiduciaries with respect to ERISA Plans. Investments by ERISA Plans are subject to ERISA’s general fiduciary requirements, including the requirement of investment prudence and diversification and the requirement that an ERISA Plan’s investments be made in accordance with the documents governing the ERISA Plan. The prudence of any investment by an ERISA Plan in the Series 2009A Certificates must be determined by the responsible fiduciary of the ERISA Plan by taking into account the ERISA Plan’s particular circumstances and all of the facts and circumstances of the investment. Government and non-electing church plans are generally not subject to ERISA. However, such plans may be subject to similar or other restrictions under state or local law.

In addition, ERISA and the Code generally prohibit certain transactions between an ERISA Plan or a qualified employee benefit plan under the Code and persons who, with respect to that plan, are fiduciaries or other “parties in interest” within the meaning of ERISA or “disqualified persons” within the meaning of the Code. In the absence of an applicable statutory, class or administrative exemption, transactions between an ERISA Plan and a party in interest with respect to an ERISA Plan, including the acquisition by one from the other of a Series 2009A Certificate could be viewed as violating those prohibitions. In addition, Code Section 4975 prohibits transactions between certain tax-favored vehicles such as Individual Retirement Accounts and disqualified persons. Code Section 503 includes similar restrictions with respect to governmental and church plans. In this regard, the State or any Dealer of the Series 2009A Certificates might be considered or might become a “party in interest” within the meaning of ERISA or a “disqualified person” within the meaning of the Code, with respect to an ERISA Plan or a plan or arrangement subject to Code Sections 4975 or 503. Prohibited transactions within the meaning of ERISA and the Code may arise if Series 2009A Certificates are acquired by such plans or arrangements with respect to which the State or any Dealer is a party in interest or disqualified person.

In all events, fiduciaries of ERISA Plans and plans or arrangements subject to the above Code Sections, in consultation with their advisors, should carefully consider the impact of ERISA and the Code on an investment in the Series 2009A Certificates. The sale of the Series 2009A Certificates to a plan is in no respect a representation by the State or the Underwriters that such an investment meets the relevant legal requirements with respect to benefit plans generally or any particular plan. Any plan proposing to invest in the Series 2009A Certificates should consult with its counsel to confirm that such investment is permitted under the plan documents and will not result in a non-exempt prohibited transaction and will satisfy the other requirements of ERISA, the Code and other applicable law.

Characterization of the Series 2009A Certificates as Indebtedness

Bond Counsel will deliver an opinion to the effect that the obligations of the State to pay Base Rent under the 2009A Lease (and the Series 2009A Certificates evidencing undivided interests in the right to such Base Rent) will be characterized as indebtedness of the State for federal income tax purposes. If, alternatively, it were determined that the Series 2009A Certificate transaction created an entity that is a corporation or a publicly traded partnership taxable as a corporation for federal income tax purposes, such entity would be subject to federal income tax at corporate income tax rates on the income it derives from the 2009A Lease, which would reduce the amounts available for payment to the Series 2009A Owners. Cash payments to the holders of the Series 2009A Certificates who are treated as equity owners generally would be treated as dividends for tax purposes to the extent of such corporation’s accumulated and current earnings and profits. A similar result would apply if the holders of the Series 2009A Certificates were deemed to have acquired stock or other equity interests.

The Owners of the Series 2009A Certificates, by accepting such Series 2009A Certificates, agree to treat the obligations of the State to pay Base Rent under the 2009A Lease (and the Series 2009A Certificates evidencing undivided interests in the right to such Base Rent) as indebtedness of the State for federal income tax purposes. In addition, the State intends to treat the obligations of the State to pay Base Rent under the 2009A Lease (and the Series 2009A Certificates evidencing undivided interests in the right to such Base Rent) as its indebtedness for reporting purposes.

In general, the characterization of a transaction as a sale of property or a secured loan, for federal income tax, is a question of fact, the resolution of which is based upon the economic substance of the transaction, rather than its form or the manner in which it is characterized for state law or other purposes. While the IRS and the courts have set forth several factors to be taken into account in determining whether the substance of a transaction is a sale of property or a secured indebtedness, the primary factor in making this determination is whether the transferee has assumed the risk of loss or other economic burdens relating to the property and has obtained the benefits of ownership thereof. Notwithstanding the foregoing, in some instances, courts have held that a taxpayer is bound by the particular form it has chosen for a transaction, even if the substance of the transaction does not accord with its form.

The State believes that it and/or the 2009A Participating K-12 Institutions have retained the preponderance of the primary benefits and burdens associated with the Indenture and the 2009A Lease, and ownership of the 2009A Projects and the 2009A Leased Property and that as a result, the owners of the Series 2009A Certificates should not be treated as having an ownership interest in the Indenture, the 2009 Lease, the 2009A Projects or the 2009A Leased Property for federal income tax purposes. If, however, the IRS were successfully to assert that the Series 2009A Certificate transaction should be treated as a sale of the 2009A Projects or any other asset of the State or the 2009A Participating K-12 Institutions, the IRS could further assert that deemed owner of the 2009A Projects or such assets for federal income tax purposes should be deemed engaged in a business and, therefore, characterized as a publicly traded partnership taxable as a corporation.

Tax Credit Stripping

The 2009A Supplemental Indenture provides that a Series 2009A Certificate may be Stripped to create a Principal Strip and a separate Tax Credit Strip in accordance with the terms thereof. The Code provides that any such Stripping shall be done under regulations prescribed by the Secretary of the Treasury. No such regulations have yet been promulgated. For purposes of discussing Stripping herein, it is assumed that such regulations will be promulgated and that the Stripping will be in compliance with such regulations and the terms of the 2009A Supplemental Indenture. The State and the Trustee may amend the Indenture or the 2009A Lease after the issuance of the Series 2009A Certificates without the consent of the Owners of the Series 2009A Certificates for the purposes of conforming the Indenture or the 2009A Lease to any guidance or regulations promulgated by the IRS or the Treasury Department regarding qualified school construction bonds.

In the event that any of the Series 2009A Certificates are Stripped and create a separate Principal Strip and Tax Credit Strip, the language herein applying to Series 2009A Certificates shall apply to the Principal Strip and the Tax Credit Strip as applicable. For purposes of this subsection “Strip” means a Tax Credit Strip or a Principal Strip. In addition, the term “U.S. holder” means a U.S. Person that is a beneficial owner of a Strip and any other person which is a beneficial owner of a Strip that is otherwise subject to United States federal income taxation on a net basis in respect of income attributable to a Strip.

A U.S. holder is subject to United States federal income taxation on the income of a Strip, and there is no special exemption from United States federal income, estate or gift tax with respect to Strips.

A U.S. holder that elects to have a Series 2009A Certificate Stripped to create a Principal Strip and a Tax Credit Strip and to dispose of one or more of such components will be required to include in income all interest (in the form of accrual of original issuance discount) and market discount accrued on the Series 2009A Certificate to the date of disposition (to the extent that such income has not previously been included in income), and the U.S. holder's basis in the Series 2009A Certificate will be increased, immediately prior to the disposition of one of the Strips, by the amount so included in income. Upon the disposition of a Strip, the U.S. holder will be required to recognize gain or loss equal to the difference between the amount realized on the disposition of the Strip and the U.S. holder's basis in the Strip immediately prior to the disposition of one of the Strips. For purposes of determining that basis, the U.S. holder will be required to allocate its tax basis in the Series 2009A Certificate immediately prior to the Stripping of the Tax Credit Strip and the sale of the Strips (as adjusted in the manner detailed above) between the Tax Credit Strip and Principal Strip based on their respective fair market values on the date of such Stripping and sale.

A U.S. holder of a Strip will accrue income on the Strip in accordance with the OID rules set forth in the Code. In this regard, the application of the OID rules to the Strips is subject to significant uncertainty, and therefore purchasers of the Strips are urged to consult with their own tax advisors. Generally, however, it is anticipated that each U.S. holder of a Strip will be required to include in income, as OID, the difference between (1) the stated redemption price at maturity for a Principal Strip or, in the case of a Tax Credit Strip, the amount of the Tax Credit for a Tax Credit Strip owned by such person (which generally would include all payments (or deemed payments) to be made on the Strip subsequent to the date that the stripping was effected or, if later, the date of the U.S. holder's purchase of the Strip) and (2) the U.S. holder's purchase price for the Strip (or, in the case of a person who effects a stripping and disposes of one or more of the Strips, the portion of the person's basis in the Series 2009A Certificate which is allocable to the retained Strips, as determined pursuant to the rules set forth in the preceding paragraph).

The amount of OID on a Strip (determined as set forth above) will be includible on a constant yield basis in the income of a U.S. holder of a Strip over the life of the Strip (excluding, with respect to certain U.S. holders, Strips having a maturity of one year or less from the date of purchase which Strips would be subject to special OID rules which are discussed below), even in years in which the owner of the Strip does not receive any actual payment or credit allowance. The amount of OID that must be included in income each year by the U.S. holder of a Strip will be equal to the sum of the daily portions of the OID that accrued during each day of the year during which the U.S. holder owned the Strip. The daily portions will be determined by allocating to each day of the accrual period, as defined below, a pro rata portion of an amount equal to the adjusted issue price of the Strip at the beginning of the accrual period, also as defined below, multiplied by the yield to maturity of the Strip, determined by compounding at the close of each accrual period and properly adjusted for the length of the accrual period. For purposes of these calculations, (i) the accrual periods may, generally, be of any length and may vary in length over the term of the Strip, provided that each accrual period is no longer than a year and that each scheduled payment of principal and deemed interest occurs either on the final day of an accrual period or on the first day of an accrual period, and (ii) the adjusted issue price of a Strip will be the U.S. holder's purchase price for the Strip (or, in the case of a person who effects a stripping and disposes of one or more of the Strips, the portion of the person's basis in the Series 2009A Certificate which is allocable to the retained Strips, as determined pursuant to the rules set forth above), increased by the OID accrued by the U.S. holder in previous accrual periods and decreased by any payments received or deemed received by the U.S. holder in prior accrual periods. The amount of OID allocable to an initial short accrual period may be computed using any reasonable method if all other accrual periods other than a final short accrual period are of equal length. The amount of OID allocable to the final accrual period is the difference between (x) the amount payable (or deemed payable) at the maturity of the Strip and (y) the Strip's adjusted price as of the beginning of the final accrual period. The foregoing rules will generally be

applied to each Strip acquired separately. In certain circumstances, Strips acquired (or retained by the person stripping a Series 2009A Certificate) may be treated as a single instrument for tax purposes.

In general, a cash basis U.S. holder who purchases a Strip the payment (or deemed payment) with respect to which is due not later than one year from the date of issuance (“short term Strips”) is not required to accrue OID (as determined under the special rule described below for the purposes of this paragraph) for federal income tax purposes unless it elects to do so. Accrual basis U.S. holders and certain other U.S. holders (including certain pass through entities and electing cash basis U.S. holders) who purchase a short term Strip and any U.S. holders who elect to have a Series 2009A Certificate Stripped to create a Tax Credit Strip and a Principal Strip and who retain one or more such Strips are required to accrue OID on short term Strips on either a straight line basis or under the constant yield method (based on daily compounding), at the election of the U.S. holder. In the case of a U.S. holder not required and not electing to include OID on a short term Strip in income currently, any gain realized on the sale or retirement of the short term Strip will be ordinary income to the extent of the OID accrued on a straight line basis (unless an election is made to accrue the OID under the constant yield method) through the date of sale or retirement. U.S. holders who are not required and who do not elect to accrue OID on short term Strips will be required to defer deductions for interest on borrowings allocable to short term Strips in an amount not exceeding the deferred income until the deferred income is realized.

Upon the sale or exchange of a Strip, a U.S. holder generally will recognize capital gain or loss (except to the extent of accrued and unpaid interest, and subject to the exception applicable to certain short term Strips, as discussed in the preceding paragraph) in an amount equal to the difference between the amount realized on the sale or exchange and the U.S. holder’s adjusted tax basis in the Strip. A U.S. holder’s adjusted tax basis in a Strip will generally be its cost, increased by the amount of the OID included in the U.S. holder’s income with respect to the Strip less any prior amounts received or deemed received with regard to such Strip.

The State is selling the Series 2009A Certificates (and not Strips) to the Underwriters. Owners of the Series 2009A Certificates are, however, entitled under the 2009A Supplemental Indenture to have any Series 2009A Certificate Stripped to create a separate Tax Credit Strip and separate Principal Strip. Such Strips might be viewed, for United States federal income tax purposes, as OID bonds issued by the State to the purchasers of the Strips. If the IRS were to characterize the Stripping in this fashion, the rules set forth above would generally apply to the Series 2009A Certificates that were Stripped, except that (i) the amount of OID on each Strip so sold would be measured, and the adjusted issue price would be determined, by reference to the first price at which a substantial amount of each Strip was sold, rather than by reference to the price paid by the purchaser for the Strip (not only in the case of an initial purchaser of the Strip, but also in the case of any transferee thereof) and (ii) the stated redemption price at maturity would be determined by reference to all payments (or deemed payments) to be made on the Strip subsequent to the date of the closing relating to the Series 2009A Certificates offered hereby rather than by reference to the payments to be made subsequent to the U.S. holder’s acquisition of the Strip. Each U.S. holder is urged to consult with its own tax advisor as to the likelihood of such a characterization, as well as to the application of the “acquisition premium” and “market discount” rules which would apply to those Series 2009A Certificates Stripped if the transaction were to be so characterized.

The OID rules are also unclear as to the treatment of a U.S. holder who acquires a Principal Strip and the related Tax Credit Strip; it is believed, however, that such a person would not treat the Strips together as a Series 2009A Certificate, but would instead recognize income on each of the Strips in the manner detailed above. However, if such a person requests the Strips be reconstituted into a Series 2009A Certificate and that Series 2009A Certificate is then sold to another person, it is anticipated that the new purchaser would be treated as having acquired a Series 2009A Certificate (rather than the Strips).

Any Owner considering the Stripping of a Series 2009A Certificate and any person considering purchasing a Strip is urged to consult its own tax advisor as to this issue.

Exemption Under State Tax Law

Under existing Colorado statutes, interest on and income from the Series 2009A Certificates, Principal Strips or Tax Credit Strips, including the amount of the Tax Credit that is treated as interest for federal income tax purposes, is exempt from taxation and assessments in the State of Colorado. No other opinion is expressed by Bond Counsel regarding other state tax consequences related to the ownership or disposition of, or the receipt of the Tax Credit or the accrual or receipt of the deemed interest with respect to, the Series 2009A Certificates, Principal Strips or Tax Credit Strips. In addition, no opinion is expressed by Bond Counsel as to the effect of any termination of the State's obligations under the 2009A Lease, upon the treatment for state income tax purposes of any moneys received by the Owners of the Series 2009A Certificates, Principal Strips or Tax Credit Strips subsequent to such termination; nor with respect to the effect of any refunding, reissuance or defeasance of the Series 2009A Certificates.

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 2009A Certificates and the Tax Credits. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to Series 2009A Certificates 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 2009A Certificates and the Tax Credits (whether Stripped or not). 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 2009A Certificates and the Tax Credits (whether Stripped or not) or the market value thereof would be impacted thereby. Purchasers of the Series 2009A Certificates and the Tax Credits (whether Stripped or not) 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 2009A Certificates and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

UNDERWRITING

The Series 2009A Certificates are to be purchased by the Underwriters listed on the front cover page of this Official Statement at a price equal to \$86,508,841.50 (representing the principal amount of the Series 2009A Certificates less an underwriting discount of \$636,158.50). The Underwriters have agreed to accept delivery of and pay for all the Series 2009A Certificate if any are delivered, and that the obligation to make such purchase is subject to certain terms and conditions set forth in the Certificate Purchase Agreement, the approval of certain legal matters by counsel and certain other conditions. The Underwriters may offer and sell the Series 2009A Certificates to certain dealers (including dealers depositing such Series 2009A Certificates into investment funds) and others at prices lower than the public offering price stated on the cover page hereof. The public offering prices set forth on the cover page hereof may be changed after the initial offering by the Underwriters.

LEGAL MATTERS

Legal matters relating to the validity of the Series 2009A Certificates are subject to the approving opinion of Kutak Rock LLP, Denver, Colorado, as Bond Counsel, which will be delivered with the Series 2009A Certificates, a form of which is attached hereto as **Appendix D**.

Sherman & Howard L.L.C. will pass upon certain legal matters relating to the Series 2009A Certificates as Special Counsel to the State. Sherman & Howard L.L.C. has not participated in any independent verification of the information concerning the financial condition or capabilities of the State or the 2009A Participating K-12 Institutions contained in this Official Statement. Certain legal matters will be passed upon for the State by the office of the Attorney General of the State, as counsel to the State. Hogan & Hartson, LLP, Denver, Colorado, has acted as counsel to the Underwriters. Payment of legal fees to Bond Counsel and Special Counsel are contingent upon the sale and delivery of the Series 2009A Certificates.

RATINGS

Standard & Poor's Ratings Services has assigned the Series 2009A Certificates a rating of "AA-" and Moody's Investors Service has assigned the Series 2009A Certificates a rating of "Aa3." No other ratings have been applied for. 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 each such rating agency. The State has furnished to the rating agencies certain information and materials relating to the Series 2009A Certificates and the 2009A Leased Property, including certain information and materials which have not been included in this Official Statement. 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 or withdrawn entirely by any such rating agency if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of any such rating may have an adverse effect on the market price of the Series 2009A Certificates. Neither the State, the Financial Advisor (hereinafter defined) nor any Underwriter undertakes any responsibility to oppose any such revision or withdrawal.

FINANCIAL ADVISOR

The State has retained Piper Jaffray & Co., Denver, Colorado as financial advisor (the "**Financial Advisor**") in connection with the Series 2009A Certificates and with respect to the authorization, execution and delivery of the Series 2009A Certificates. *The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement.* The Financial Advisor will act as an independent advisory firms and will not be engaged in underwriting or distributing the Series 2009A Certificates.

CONTINUING DISCLOSURE

In connection with its execution and delivery of the Series 2009A Certificates, the State will execute a Continuing Disclosure Undertaking (the “**Disclosure Certificate**”), a form of which is attached hereto as **Appendix C**, wherein it will agree for the benefit of the owners of the Series 2009A Certificates to provide certain Annual Financial Information relating to the State by not later than 270 days after the end of each Fiscal Year, commencing with the Fiscal Year ended June 30, 2009, to provide the Audited Financial Statements when available but not later than 210 days after the end of each Fiscal Year (or as soon thereafter as available), and to provide notices of occurrence of certain enumerated events, if material. In recent years, the State of Colorado has released its Comprehensive Annual Financial Report within six months following the end of its Fiscal Year. During the previous five years, the Treasurer has complied in all material respects with the continuing disclosure undertakings entered into by the Treasurer pursuant to Securities and Exchange Commission Rule 15c2-12.

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 2009A Certificates, copies of the Act and certain other documents referred to herein may be obtained from the Underwriters at RBC Capital Markets Corporation, as Representative of the Underwriters, 1200 Seventeenth Street, Suite 2150, Denver, Colorado 80202, Attention: Public Finance Department, telephone number (303) 595-1200. 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 Treasurer. This Official Statement is hereby approved by the Treasurer as of the date on the cover page hereof.

**STATE OF COLORADO, acting by and through
the State Treasurer**

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

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APPENDIX A

**State of Colorado Comprehensive Annual Financial Report
for the Fiscal Year ended June 30, 2008**

(Pagination reflects the original printed document)

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APPENDIX B

**Forms of Master Indenture, Supplemental Indenture, 2009A Lease Purchase Agreement,
2009A Site Leases and 2009A Subleases**

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After recording return to:
Michael R. Johnson
Kutak Rock LLP
1801 California Street, Suite 3100
Denver, Colorado 80202

FORM OF
STATE OF COLORADO
BUILDING EXCELLENT SCHOOLS TODAY
MASTER TRUST INDENTURE

by

ZIONS FIRST NATIONAL BANK,
as Trustee

authorizing

State of Colorado
Building Excellent Schools Today
Certificates of Participation

Dated as of August 12, 2009

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**STATE OF COLORADO
BUILDING EXCELLENT SCHOOLS TODAY
MASTER TRUST INDENTURE**

This State of Colorado Building Excellent Schools Today Master Trust Indenture (this “Master Indenture”) is dated as of August 12, 2009, and is executed and delivered by Zions First National Bank, a national banking association duly organized and validly existing under the laws of the United States, as trustee for the benefit of the Owners of the Certificates (the “Trustee”). *Capitalized terms used but not defined herein have the meanings assigned to them in the Glossary attached hereto, as such Glossary is amended, supplemented and restated from time to time.*

RECITALS

This Master Indenture is being executed and delivered to provide for the execution, delivery and payment of and security for the Certificates, the proceeds of which will be used to finance Projects. The Certificates evidence undivided interests in the right to receive Lease Revenues. The Certificates will be executed and delivered in Series and Supplemental Indentures will be executed and delivered to provide additional terms applicable to each Series of Certificates.

AGREEMENT

The Trustee hereby declares for the benefit of the Owners and the State as follows:

ARTICLE I

SECURITY FOR CERTIFICATES

Section 1.01. Trust Estate. The Trustee, in consideration of the premises, the purchase of the Certificates by the Owners and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, in order to secure the payment of the principal of, premium, if any, and interest on the Certificates and all other amounts payable to the Owners with respect to the Certificates, to secure the performance and observance of all the covenants and conditions set forth in the Certificates and the Indenture, and to declare the terms and conditions upon and subject to which the Certificates are executed, delivered and secured, has executed and delivered this Master Indenture and has granted, assigned, pledged, bargained, sold, alienated, remised, released, conveyed, set over and confirmed, and by these presents does grant, assign, pledge, bargain, sell, alienate, remise, release, convey, set over and confirm, in trust upon the terms set forth herein all and singular the following described property, franchises and income, including any title or interest therein acquired after these presents, all and singular the following described property, franchises and income, including any title therein acquired after these presents:

- (a) the Leased Property and the tenements, hereditaments, appurtenances, rights, privileges and immunities thereto belonging or appertaining, subject to the terms

of each Lease including, but not limited to, the terms of such Lease permitting the existence of Permitted Encumbrances;

(b) all rights, title and interest of the Trustee in, to and under each Lease (other than the Trustee's rights to payment of its fees and expenses under such Lease and the rights of third parties to Additional Rent payable to them under such Lease);

(c) all Base Rent payable pursuant to each Lease;

(d) all Federal Direct Payments with respect to the interest component of Base Rentals paid to the Trustee pursuant to any Lease;

(e) the State's Purchase Option Price paid pursuant to each Lease, if paid (including any Net Proceeds used to pay the State's Purchase Option Price);

(f) all money and securities from time to time held by the Trustee under this Indenture in the Certificate Fund, the Capital Construction Fund and the State Expense Fund (but not the Rebate Fund or any defeasance escrow account); and

(g) any and all other property, revenues or funds from time to time hereafter by delivery or by writing of any kind specially granted, assigned or pledged as and for additional security hereunder, by any Person in favor of the Trustee, which shall accept any and all such property and hold and apply the same subject to the terms hereof.

The Subleases, the Matching Money Bonds and moneys paid by the Sublessees pursuant to the Subleases and the Matching Money Bonds are not included in the Trust Estate.

Section 1.02. Discharge of Indenture. If this Master Indenture is discharged in accordance with Section 9.01 hereof, the right, title and interest of the Trustee and the Owners in and to the Trust Estate shall terminate and be discharged; otherwise this Master Indenture is to be and remain in full force and effect.

Section 1.03. Certificates Secured on a Parity Unless Otherwise Provided. The Trust Estate shall be held by the Trustee for the equal and proportionate benefit of the Owners of all Outstanding Certificates, and any of them, without preference, priority or distinction as to lien or otherwise, except as expressly set forth in the Indenture.

Section 1.04. Limited Obligations.

(a) Payment of Rent and all other payments by the State shall constitute currently appropriated expenditures of the State and may be paid solely from legally available moneys in the Assistance Fund, including any moneys appropriated or transferred by the Colorado General Assembly to the Assistance Fund in accordance with the Act from any legally available source if the amount of money in the Assistance Fund that is available to pay Rent will be insufficient to cover the full amount of Rent. All obligations of the State under the Leases shall be subject to the action of the Colorado General Assembly in annually making moneys available for payments thereunder. The obligations of the State to pay Rent and all other obligations of the State under the Leases

are subject to appropriation by the Colorado General Assembly in its sole discretion, and shall not be deemed or construed as creating an indebtedness of the State within the meaning of any provision of the State Constitution or the laws of the State concerning or limiting the creation of indebtedness of the State and shall not constitute a multiple fiscal year direct or indirect debt or other financial obligation of the State within the meaning of Section 20(4) of Article X of the State Constitution. In the event the State does not renew any Lease, the sole security available to the Trustee, as lessor under the Leases, shall be the Leased Property leased under the Leases, subject to the terms of the Leases.

(b) The Certificates evidence undivided interests in the right to receive Lease Revenues and shall be payable solely from the Trust Estate. No provision of the Certificates, the Indenture, any Lease, any Site Lease, any Sublease, any Matching Moneys Bond or any other document or instrument shall 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 Colorado General Assembly for Rent for such Fiscal Year; (ii) as creating a multiple fiscal year direct or indirect debt or other financial obligation whatsoever of the State within the meaning of Section 3 of Article XI, Section 20 of Article X of the State Constitution or any other limitation or provision of the State Constitution, State statutes or other State law; (iii) as a delegation of governmental powers by the State; (iv) 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 Section 1 of Article XI of the State Constitution; or (v) as a donation or grant by the State to, or in aid of, any person, company or corporation within the meaning of Section 2 of Article XI of the State Constitution.

(c) The provisions of this Section are hereby expressly incorporated into each Supplemental Indenture. The Certificates shall contain statements substantially in the form of subsections (a) and (b) of this Section.

Section 1.05. Certificates Constitute a Contract. The Certificates shall constitute a contract between the Trustee and the Owners. In no event shall any decision by the Colorado General Assembly not to appropriate any amounts payable under a Lease be construed to constitute an action impairing such contract.

ARTICLE II

AUTHORIZATION, TERMS, EXECUTION AND DELIVERY OF CERTIFICATES

Section 2.01. Authorization, Name and Amount. No Certificates may be executed and delivered hereunder except in accordance with this Article. The Certificates may be issued in one or more Series. Each Series of Certificates shall be named State of Colorado Building Excellent Schools Today Certificates of Participation, followed by the Tax Treatment Designation of such Series (omitting the word “Certificates”), a year and letter that corresponds to the year and letter in the name of the Lease that is entered into in connection with the issuance of such Series of Certificates and, if more than one Series of Certificates are issued at the same time, a dash and a number to distinguish such Series of Certificates from the other Series of

Certificates issued at the same time. The aggregate principal amount of Certificates that may be executed and delivered is not limited in amount.

Section 2.02. Purpose, Payment, Authorized Denominations and Numbering.

(a) The Certificates shall be sold, executed and delivered for the purpose of paying the Costs of the Projects and the Costs of Issuance, making deposits to funds, accounts and subaccounts held by the Trustee or, if proceeds of the applicable Series of Certificates are to be used to defease Outstanding Certificates pursuant to Section 9.01 hereof, making deposits to a defeasance escrow account and paying other costs associated with the defeasance.

(b) The Certificates shall be issuable only as fully registered Certificates in Authorized Denominations. The Certificates shall be numbered in such manner as shall be determined by the Trustee.

(c) The principal of and premium, if any, on any Certificate shall be payable to the Owner thereof as shown on the registration records of the Trustee upon maturity or prior redemption thereof and upon presentation and surrender at the Operations Center of the Trustee. Payment of interest on the Certificates shall be made by check or draft of the Trustee mailed, on or before each Interest Payment Date, to the Owner thereof at his address as it last appears on the registration records of the Trustee at the close of business on the Record Date. Any such interest not so timely paid shall cease to be payable to the person who is the Owner thereof at the close of business on the Record Date and shall be payable to the person who is the Owner thereof at the close of business on a Special Record Date for the payment of such defaulted interest. Such Special Record Date shall be fixed by the Trustee whenever moneys become available for payment of the defaulted interest, and notice of the Special Record Date shall be given by the Trustee to the Owners of the Certificates, not less than ten days prior to the Special Record Date, by first-class mail to each such Owner as shown on the Trustee's registration records on a date selected by the Trustee, stating the date of the Special Record Date and the date fixed for the payment of such defaulted interest. Alternative means of payment of interest may be used if mutually agreed to in writing between the Owner of any Certificate and the Trustee.

Section 2.03. Form of Certificates. The Certificates of each Series shall be in substantially the form set forth in the Supplemental Indenture authorizing such Series of Certificates or an exhibit, appendix or other attachment thereto, with such changes thereto, not inconsistent with this Master Indenture or such Supplemental Indenture, as may be necessary or desirable and approved by the State.

Section 2.04. Execution and Authentication of Certificates. The manual signature of a duly authorized signatory of the Trustee shall appear on each Certificate. Any Certificate shall be deemed to have been executed by a duly authorized signatory of the Trustee if signed by the Trustee, but it shall not be necessary that the same signatory sign all of the Certificates executed and delivered hereunder. If any signatory of the Trustee whose signature appears on a Certificate shall cease to be such official before delivery of the Certificates, such signature shall

nevertheless be valid and sufficient for all purposes, the same as if he or she had remained a duly authorized signatory of the Trustee until delivery.

Section 2.05. Mutilated, Lost, Stolen or Destroyed Certificates. In the event that any Certificate is mutilated, lost, stolen or destroyed, a new Certificate may be executed on behalf of the Trustee, of like Series, date, maturity, interest rate and denomination as that mutilated, lost, stolen or destroyed; provided that the Trustee shall have received such evidence, information or indemnity from the Owner of the Certificate as the Trustee may reasonably require, and provided further, in case of any mutilated Certificate, that such mutilated Certificate shall first be surrendered to the Trustee. In the event that any such Certificate shall have matured, instead of issuing a duplicate Certificate, the Trustee may pay the same without surrender thereof. The Trustee may charge the Owner of the Certificate with its reasonable fees and expenses in this connection and require payment of such fees and expenses as a condition precedent to the delivery of a new Certificate.

Section 2.06. Registration of Certificates; Persons Treated as Owners; Transfer and Exchange of Certificates.

(a) Records for the registration and transfer of Certificates shall be kept by the Trustee which is hereby appointed the registrar for the Certificates. The principal of, interest on, and any prior redemption premium on any Certificate shall be payable only to or upon the order of the Owner or his legal representative (except as otherwise herein provided with respect to Record Dates and Special Record Dates for the payment of interest). Upon surrender for transfer of any Certificate at the Operations Center of the Trustee, duly endorsed for transfer or accompanied by an assignment duly executed by the Owner or his attorney duly authorized in writing, the Trustee shall enter such transfer on the registration records and shall execute and deliver in the name of the transferee or transferees a new fully registered Certificate or Certificates of a like Series, aggregate principal amount and of the same maturity, bearing a number or numbers not previously assigned.

(b) Fully registered Certificates may be exchanged at the Operations Center of the Trustee for an equal aggregate principal amount of fully registered Certificates of the same Series, maturity and interest rate of other Authorized Denominations. The Trustee shall execute and deliver Certificates which the Owner making the exchange is entitled to receive, bearing numbers not previously assigned.

(c) The Trustee may require the payment, by the Owner of any Certificate requesting exchange or transfer, of any reasonable charges as well as any taxes, transfer fees or other governmental charges required to be paid with respect to such exchange or transfer.

(d) The Trustee shall not be required to transfer or exchange (i) all or any portion of any Certificate during the period beginning at the opening of business 15 days before the day of the mailing by the Trustee of notice calling any Certificates for prior redemption and ending at the close of business on the day of such mailing, or (ii) all or

any portion of a Certificate after the mailing of notice calling such Certificate or any portion thereof for prior redemption.

(e) Except as otherwise herein provided with respect to Record Dates and Special Record Dates for the payment of interest, the person in whose name any Certificate shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of or on account of the principal or interest on any Certificate shall be made only to or upon the written order of the Owner thereof or his legal representative, but such registration may be changed as herein provided. All such payments shall be valid and effectual to satisfy and discharge such Certificate to the extent of the sum or sums paid.

(f) Notwithstanding any other provision hereof, except as otherwise provided in a Supplemental Indenture with respect to one or more Series of Certificates, the Certificates shall be delivered only in book-entry form registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), New York, New York, acting as securities depository of the Certificates and principal of, premium, if any and interest on the Certificates shall be paid by wire transfer to DTC; provided, however, if at any time the State or the Trustee determines that DTC is no longer able to act as, or is no longer satisfactorily performing its duties as, securities depository for the Certificates, the State may, at its discretion, either (i) designate a substitute securities depository for DTC, whereupon the Trustee shall reregister the Certificates as directed by such substitute securities depository or (ii) terminate the book-entry registration system, whereupon the Trustee shall reregister the Certificates in the names of the beneficial owners thereof provided to it by DTC. The Trustee shall have no liability to DTC, Cede & Co., any substitute securities depository, any Person in whose name the Certificates are reregistered at the direction of any substitute securities depository, any beneficial owner of the Certificates or any other Person for (A) any determination made by the State or the Trustee pursuant to the proviso at the end of the immediately preceding sentence or (B) any action taken to implement such determination and the procedures related thereto that is taken pursuant to any direction of or in reliance on any information provided by DTC, Cede & Co., any substitute securities depository or any Person in whose name the Certificates are reregistered.

Section 2.07. Cancellation of Certificates. Whenever any Outstanding Certificate shall be delivered to the Trustee for cancellation pursuant to this Indenture, upon payment thereof or for or after replacement pursuant to Section 2.05 or 2.06 hereof, such Certificate shall be promptly cancelled by the Trustee.

Section 2.08. Negotiability. Subject to the registration provisions hereof, the Certificates shall be fully negotiable and shall have all the qualities of negotiable paper, and the Owners thereof shall possess all rights enjoyed by the holders or owners of negotiable instruments under the provisions of the Uniform Commercial Code-Investment Securities. The principal of and interest on the Certificates shall be paid, and the Certificates shall be transferable, free from and without regard to any equities, set-offs or cross-claims between the Trustee and the original or any intermediate owner of any Certificates.

Section 2.09. Conditions to Execution and Delivery of Certificates. No Series of Certificates may be executed and delivered unless each of the following conditions has been satisfied:

(a) The Trustee has received a form of Supplemental Indenture that specifies the following: (i) the Tax Treatment Designation, the Series name, the aggregate principal amount, the Authorized Denominations, the dated date, the maturity dates, the interest rates, if any, the redemption provisions, if any, the form and any variations from the terms set forth in this Master Indenture with respect to such Series of Certificates; (ii) any amendment, supplement or restatement of the Glossary required or deemed by the State to be advisable or desirable in connection with such Supplemental Indenture; and (iii) any other provisions deemed by the State to be advisable or desirable and that do not violate and are not in conflict with this Master Indenture or any previous Supplemental Indenture.

(b) The Trustee has received forms of a new Site Lease and Lease or amendments to an existing Site Lease and Lease adding any new Leased Property and/or amendments to an existing Site Lease and Lease removing or modifying any Leased Property that is to be removed or modified.

(c) If the proceeds of such Series of Certificates are to be used to defease Outstanding Certificates pursuant to Section 9.01 hereof, the Trustee shall have received a form of a defeasance escrow agreement and the other items required by Section 9.01 hereof.

(d) The State has certified to the Trustee that: (i) the Fair Market Value of the property added to the Leased Property in connection with the execution and delivery of such Series of Certificates is at least equal to 90% of the principal amount of such Series of Certificates; and (ii) no Event of Default or Event of Nonappropriation exists under any Lease. The certification of the State pursuant to clause (i) may be given based and in reliance upon certifications by the Sublessees that leased the Leased Property to the Trustee pursuant to Site Leases.

(e) The Trustee has received evidence that the execution and delivery of the Series of Certificates will not result in a reduction of the then current rating by any Rating Agency of any Outstanding Certificates, which evidence may take the form of a letter from a Rating Agency, a certificate of a financial advisor to the State or a certificate of an underwriter of Certificates.

(f) The State has directed the Trustee in writing as to the delivery of the Series of Certificates and the application of the proceeds of the Series of Certificates, including, but not limited to, the amount to be deposited into the Project Account established for each Sublessee, the amount, if any, of the Allocated Investment Earnings for each Project Account, the amount to be deposited into the Cost of Issuance Account and, if proceeds of such Series of Certificates are to be used to defease Outstanding Certificates pursuant to Section 9.01 hereof, the amount to be deposited into the defeasance escrow account established pursuant to Section 9.01 hereof.

(g) The Trustee has received a written opinion of Bond Counsel to the effect that (i) the Certificates of such Series have been duly authorized, executed and delivered pursuant to the Act and the Indenture (including the Supplemental Indenture executed and delivered in connection with the execution and delivery of such Series of Certificates) and will not cause an Adverse Tax Event, and (ii) the execution, sale and delivery of the Series of Certificates will not constitute an Event of Default or a Failure to Perform or cause any violation of the covenants set forth in the Indenture.

Section 2.10. Execution and Delivery of Supplemental Indenture, Site Lease, Lease, Amendment to Site Lease, Lease or Defeasance Escrow Agreement; Delivery of Certificates; Application of Proceeds. If the conditions set forth in Section 2.09 hereof have been satisfied, the Trustee shall execute and deliver the Supplemental Indenture, any Site Lease, any Lease, any amendment to any existing Site Lease, Lease or any defeasance escrow agreement provided to it pursuant to Section 2.09 hereof in the form provided to it and shall deliver the Series of Certificates and apply the proceeds of the Series of Certificates as directed by the State.

Section 2.11. Principal Strips, Interest Strips and Tax Credit Strips. If and as provided in a Supplemental Indenture, (a) Principal Strips and Interest Strips, (b) Principal Strips and Tax Credit Strips or (c) Principal Strips, Interest Strips and Tax Credit Strips may be authorized, executed, authenticated and delivered in lieu of or to replace any Certificate. If Principal Strips and Interest Strips and/or Tax Credit Strips are authorized, executed, authenticated and delivered in lieu of or to replace a Certificate, (i) the rights of the Owners of such Certificate shall be allocated among the owners of the Principal Strips and Interest Strips and/or Tax Credit Strips as provided in such Supplemental Indenture and (ii) all references to such Certificate in the Indenture, the Leases, the Subleases, the Site Leases and all related documents shall, except as otherwise provided in such Supplemental Indenture, be deemed to refer to the owners of the Principal Strip and Interest Strip and/or the Tax Credit Strip authorized, executed, authenticated and delivered in lieu of or to replace such Certificate, collectively.

ARTICLE III

FUNDS AND ACCOUNTS

Section 3.01. Certificate Fund.

(a) *Creation of Certificate Fund.* A special fund is hereby created and established with the Trustee to be designated the State of Colorado Building Excellent Schools Today Certificates of Participation Certificate Fund (the "Certificate Fund") and, within such fund, the Interest Account; the Principal Account; the Purchase Option Account; and a separate Sinking Fund Account for each Series of Qualified School Construction Certificates, the names of each of which Sinking Fund Accounts shall include the same Series designation as the related Series of Qualified School Construction Certificates.

(b) ***Deposits into Accounts of Certificate Fund.***

(i) *Deposits into Interest Account.* There shall be deposited into the Interest Account: (A) accrued interest and capitalized interest, if any, received at the time of the execution and delivery of each Series of Certificates; (B) that portion of each payment of Base Rent by the State which is designated and paid as the interest component of Base Rent under a Lease; (C) any Federal Direct Payment received with respect to the interest component of Base Rent payable by the State under any Lease; (D) any moneys transferred to the Interest Account from the State Expense Fund pursuant to Section 3.03(c) hereof; (E) any moneys transferred to the Interest Account from the Rebate Fund pursuant to Section 3.04(d) hereof; and (F) all other moneys received by the Trustee that are accompanied by directions from the State that such moneys are to be deposited into the Interest Account.

(ii) *Deposits into Principal Account.* There shall be deposited into the Principal Account: (A) that portion of each payment of Base Rent by the State which is designated and paid as the Amortizing Principal component of Base Rent under a Lease; (B) any moneys transferred to the Principal Account from a Sinking Fund Account pursuant to paragraph (iv) of subsection (c) of this Section; (C) any moneys transferred to the Principal Account from the State Expense Fund pursuant to Section 3.03(c) hereof; and (D) all other moneys received by the Trustee that are accompanied by directions from the State that such moneys are to be deposited into the Principal Account.

(iii) *Deposits into Purchase Option Account.* There shall be deposited into the Purchase Option Account: (A) the State's Purchase Option Price; (B) any money transferred to the Purchase Option Account from the State Expense Fund pursuant to Section 3.02(c) hereof; and (C) all other moneys received by the Trustee that are accompanied by directions from the State that such moneys are to be deposited into the Purchase Option Account.

(iv) *Deposits into Sinking Fund Accounts.* There shall be deposited into each Sinking Fund Account (A) that portion of each payment of Base Rent by the State which is designated and paid as the Sinking Fund Principal component of Base Rent under the Lease with the same Series designation as such Sinking Fund Account; (B) any moneys transferred to such Sinking Fund Account from the State Expense Fund pursuant to Section 3.03(c) hereof; and (C) all other moneys received by the Trustee that are accompanied by directions from the State that such moneys are to be deposited into such Sinking Fund Account.

(c) ***Use of Moneys in Accounts of Certificate Fund.***

(i) *Use of Moneys in Interest Account.* Except as otherwise specifically provided below in this paragraph, moneys in the Interest Account shall be used solely for the payment of interest on the Certificates, except that:

(A) interest on Certificates payable as part of the redemption price of Certificates that are redeemed as a result of the exercise by the State of its option under a Lease to purchase a portion of (but not all) the Leased Property shall be paid solely from the Purchase Option Account;

(B) moneys representing accrued interest and capitalized interest received at the time of the execution and delivery of any Series of Certificates shall be used solely to pay the first interest due on such Series of Certificates;

(C) any moneys other than those described in clause (B) above that are transferred to the Interest Account with specific instructions as to their use shall be used solely in accordance with such instructions;

(D) any moneys remaining in the Interest Account after all the interest payable from the Interest Account on all Certificates has been paid shall be transferred to the Principal Account; and

(E) notwithstanding the foregoing, all moneys in the Interest Account shall (I) be used in accordance with Section 7.15 hereof following an Event of Default or Event of Nonappropriation and (II) be available to the extent moneys in the Purchase Option Account are not sufficient to pay the redemption price of all the Certificates following the exercise by the State of its options under the Leases to purchase all the Leased Property subject to all Leases.

(ii) *Use of Moneys in Principal Account.* Except as otherwise specifically provided below in this paragraph, moneys in the Principal Account shall be used solely for the payment of principal of the Certificates, except that:

(A) principal of Qualified School Construction Certificates of any Series shall be paid solely from the Sinking Fund Account with the same Series designation as such Series of Qualified School Construction Certificates;

(B) principal of Certificates payable as part of the redemption price of Certificates that are redeemed as a result of the exercise by the State of its option under a Lease to purchase a portion of (but not all) the Leased Property shall be paid solely from the Purchase Option Account;

(C) except as otherwise provided in clause (A) or (B) above, any moneys that are transferred to the Principal Account with specific instructions as to their use shall be used solely in accordance with such instructions; and

(D) notwithstanding the foregoing, all moneys in the Principal Account shall (I) be used in accordance with Section 7.15 hereof following an Event of Default or Event of Nonappropriation and (II) shall

be available to the extent moneys in the Purchase Option Account are not sufficient to pay the redemption price of all the Certificates following the exercise by the State of its options under the Leases to purchase all the Leased Property subject to all Leases.

(iii) *Use of Moneys in Purchase Option Account.* Except as otherwise specifically provided below in this paragraph, moneys in the Purchase Option Account shall be used solely for the payment of the redemption price of Certificates that are redeemed as a result of the exercise by the State of its option under one or more Leases to purchase a part or all of the Leased Property, except that:

(A) the State's Purchase Option Price paid with respect to a portion (but not all) of the Leased Property subject to a Lease shall be used only to pay the redemption price of Certificates with the same Series designation as such Lease;

(B) the portion of the redemption price of Qualified School Construction Certificates of any Series representing Funded Principal shall be paid solely from the Sinking Fund Account with the same Series designation as such Series of Qualified School Construction Certificates; and

(C) notwithstanding the foregoing, all moneys in the Purchase Option Account shall be used (I) in accordance with Section 7.15 hereof following an Event of Default or Event of Nonappropriation and (II) to pay the redemption price of all the Certificates following the exercise by the State of its options under the Leases to purchase all the Leased Property subject to all Leases.

(iv) *Use of Moneys in Sinking Fund Accounts.* Except as otherwise specifically provided below in this paragraph, moneys in each Sinking Fund Account shall be used solely for the payment of the principal of and the principal portion of the redemption price of Qualified School Construction Fund Certificates with the same Series designation as such Sinking Fund Account. Notwithstanding the foregoing, (A) moneys remaining in a Sinking Fund Account after payment of the principal of and the principal portion of the redemption price of Qualified School Construction Certificates with the same Series designation as such Sinking Fund Account shall be transferred to the Principal Account; and (B) all moneys in the Sinking Fund Accounts shall (I) be used in accordance with Section 7.15 hereof following an Event of Default or Event of Nonappropriation and (II) be available to the extent moneys in the Purchase Option Account are not sufficient to pay the redemption price of all the Certificates following the exercise by the State of its options under the Leases to purchase all the Leased Property subject to all Leases.

Section 3.02. Capital Construction Fund.

(a) *Creation of Capital Construction Fund.* A special fund is hereby created and established with the Trustee to be designated the State of Colorado Building Excellent Schools Today Capital Construction Fund (the “Capital Construction Fund”), and, within such fund, the Costs of Issuance Account and a separate Project Account for each Project that is being financed for each Sublessee with proceeds of each Series of Certificates. The names of the Project Accounts for the Projects to be financed with proceeds of each Series of Certificates shall include the Series designation of such Series of Certificates and the name of the Sublessee for which the Project is being financed. The Trustee may establish such additional accounts within the Capital Construction Fund or such subaccounts within any of the existing or any future accounts of the Capital Construction Fund as may be necessary or desirable.

(b) *Deposits into Accounts of Capital Construction Fund.*

(i) *Proceeds of Certificates.* Proceeds from the sale of each Series of Certificates shall be deposited into the Costs of Issuance Account and the Project Accounts in the amounts designated by the State in connection with the execution and delivery of such Series of Certificates. When the State designates the amount of proceeds from the sale of a Series of Certificates to be deposited into a Project Account, it shall also designate the Allocated Investment Earnings, if any, for such Project Account.

(ii) *Earnings from Investment of Project Accounts.* Earnings from the investment of moneys in all the Project Accounts when received shall be aggregated and allocated among the Project Accounts in proportion to the ratio of (A) the Allocated Investment Earnings for each Project Account that have not previously been deposited into such Project Account pursuant to this paragraph to (B) the Allocated Investment Earnings for all Project Accounts that have not previously been deposited into the Project Accounts pursuant to this paragraph. The amount of investment earnings so allocated to a Project Account shall be deposited into such Project Account until the amount so deposited equals the Allocated Investment Earnings for such Project Account. After the amount of investment earnings allocated to a Project Account exceeds the Allocated Investment Earnings for such Project Account, the excess shall be deposited into the State Expense Fund, ~~subject to any limitations described in a~~except that any such investment earnings resulting from the investment of proceeds of any Series of Qualified School Construction Certificates, at the direction of the State, (I) shall be transferred to another Project Account or the Assistance Fund and, subject to terms of the tax compliance or similar certificate executed by the State in connection with the execution and delivery of any Series of Certificates. If a tax compliance or similar certificate executed by the State in connection with the execution and delivery of any Series of Certificates prohibits the deposit of such excess into the State Expense Fund, such excess may be transferred to another Project Account or such Series of Qualified School Construction Certificates, shall be used to pay the costs of a capital construction project as defined in the Act; or

(II) shall be used in any other manner directed by the State upon receipt of an opinion of Bond Counsel that such transfer or use will not cause an Adverse Tax Event.

(iii) *Other Deposits to Accounts.* There shall also be deposited into the Costs of Issuance Account and any Project Account any moneys received by the Trustee that are accompanied by instructions to deposit the same into such account.

(iv) *Transfers Between Project Accounts at Direction of State.* Notwithstanding any other provision hereof, the State may, at any time but subject to the terms of the tax compliance or similar certificate executed by the State in connection with the execution and delivery of the Series of Certificates from the Project Account from which the moneys are transferred, direct the Trustee to transfer any moneys held in any Project Account to any other Project Account or to the Assistance Fund to pay the costs of a capital construction project as defined in the Act if the State determines that (A) the sum of the money remaining in, and money expected to be deposited in the future into, the Project Account from which the transfer is made will be sufficient to pay the unpaid Costs of the Project for the Project for which such Project Account was established or (B) no further Costs of the Project will be funded from the Project Account from which the transfer is made.

(c) *Use of Moneys in Costs of Issuance Account.* Moneys held in the Costs of Issuance Account shall be used to pay Costs of Issuance as directed by the State. The Trustee shall transfer any amounts held in the Costs of Issuance Account that are not required to pay Costs of Issuance to the State Expense Fund or one or more Project Accounts as directed by the State. Notwithstanding the foregoing, moneys in the Costs of Issuance Account shall (I) be used in accordance with Section 7.15 hereof following an Event of Default or Event of Nonappropriation and (II) be available to the extent moneys in the Purchase Option Account are not sufficient to pay the redemption price of all the Certificates following the exercise by the State of its options under the Lease to purchase all the Leased Property subject to all Leases.

(d) *Use of Moneys in Project Accounts.*

(i) Moneys held in each Project Account shall be disbursed to the Sublessee for whose Project the Account was established to pay, or reimburse the Sublessee for, Costs of the Project for which such Project Account was established upon receipt of a requisition in substantially the form attached hereto as Appendix A, signed by the Sublessee Representative and the State Representative.

(ii) Upon the receipt by the Trustee of the Completion Certificate for the Project, the remaining moneys held in such Project Account shall be transferred by the Trustee to the State Expense Fund.

(iii) Notwithstanding the foregoing, (A) the Trustee shall separately account for Available Project Proceeds of each Series of Qualified School Construction Certificates (which includes earnings from the investment of Available Project Proceeds of each Series of Qualified School Construction Certificates); (B) Available Project Proceeds of any Series of Qualified School Construction Certificates held in any Project Account that have not been expended as of the last day of the Available Project Proceeds Expenditure Period for such Series of Qualified School Construction Certificates shall be used to pay the redemption price of Qualified School Construction Certificates of such Series in connection with an Unexpended Proceeds Redemption of such Series of Qualified School Construction Certificates; and (C) all moneys in all Project Accounts shall be (I) used in accordance with Section 7.15 hereof following an Event of Default or Event of Nonappropriation and (II) be available to the extent moneys in the Purchase Option Account are not sufficient to pay the redemption price of all the Certificates following the exercise by the State of its options under the Lease to purchase all the Leased Property subject to all Leases.

Section 3.03. State Expense Fund.

(a) ***Creation of State Expense Fund.*** A special fund is hereby created and established with the Trustee to be designated the State of Colorado Building Excellent Schools Today Certificates of Participation State Expense Fund (the “State Expense Fund”).

(b) ***Deposits into State Expense Fund.*** There shall be deposited into the State Expense Fund: (i) upon the execution and delivery of each Series of Certificates, proceeds from the sale of such Series of Certificates in the amount, if any, directed by the State; (ii) earnings from the investment of moneys in the Project Accounts allocated to such Project Account pursuant to Section 3.02(b)(ii) hereof, to the extent the earnings so allocated exceed the Allocated Investment Earnings for such Project Account; (iii) any moneys transferred to the State Expense Fund from the Costs of Issuance Account of the Capital Construction Fund pursuant to Section 3.02(c) hereof; (iv) any moneys transferred to the State Expense Fund from a Project Account pursuant to Section 3.02(d)(ii) hereof; and (v) all other moneys received by the Trustee that are accompanied by instructions from the State to deposit the same into the State Expense Fund.

(c) ***Use of Moneys in State Expense Fund.***

(i) Moneys held in the State Expense Fund that are not Available Project Proceeds of Qualified School Construction Certificates (which includes earnings from the investment of Available Project Proceeds of Qualified School Construction Certificates) shall be applied by the Trustee as directed in writing by the State to: (A) reimburse or compensate the State for costs and expenses incurred by the State in connection with the Leased Property, the Projects, the Certificates, the Leases, the Indenture, the Site Leases, the Subleases, the Matching Money Bonds or any matter related thereto, including, but not limited to, a reasonable charge for the time of State employees and allocable overhead;

(B) pay Base Rent to the Trustee or Additional Rent to the appropriate recipient; (C) make a deposit to the Certificate Fund, the Capital Construction Fund, the Rebate Fund or any account or subaccount of any such fund; and (D) pay the Costs of any Project or the costs of any capital construction project as defined in the Act.

(ii) Moneys held in the State Expense Fund that are Available Project Proceeds of any Series of Qualified School Construction Certificates (which includes earnings from the investment of Available Project Proceeds) of Qualified School Construction Certificates) shall be applied ~~by the Trustee~~ as directed in writing by the State, subject to the terms of the tax compliance or similar certificate executed by the State in connection with the execution and delivery of such Series of Qualified School Construction Certificates, to pay the Costs of any Project or the costs of a capital construction project as defined in the Act.

(iii) Notwithstanding the foregoing, (A) the Trustee shall separately account for Available Project Proceeds of each Series of Qualified School Construction Certificates (including earnings from the investment of Available Project Proceeds of each Series of Qualified School Construction Certificates); (B) Available Project Proceeds of any Series of Qualified School Construction Certificates held in the State Expense Fund that have not been expended as of the last day of the Available Project Proceeds Expenditure Period for such Series of Qualified School Construction Certificates shall be used to pay the redemption price of Qualified School Construction Certificates of such Series in connection with an Unexpended Proceeds Redemption of such Series of Qualified School Construction Certificates; and (C) all moneys in the State Expense Fund shall (I) be used in accordance with Section 7.15 hereof following an Event of Default or Event of Nonappropriation and (II) be available to the extent moneys in the Purchase Option Account are not sufficient to pay the redemption price of all the Certificates following the exercise by the State of its options under the Leases to purchase all the Leased Property subject to all Leases.

Section 3.04. Rebate Fund.

(a) ***Creation of Rebate Fund.*** A special fund is hereby created and established with the Trustee to be designated the State of Colorado Building Excellent Schools Today Capital Construction Fund Rebate Fund (the “Rebate Fund”). The Trustee shall create separate accounts within the Rebate Fund for each Series of Certificates (except that more than one Series may be combined for this purpose on the advice of Bond Counsel).

(b) ***Deposits into Rebate Fund.*** There shall be deposited into the appropriate account of the Rebate Fund (i) any moneys transferred to the Rebate Fund from the State Expense Fund pursuant to Section 3.03(c) hereof; (ii) all amounts paid by the State pursuant to subsection (e) of this Section; and (iii) all other moneys received by the Trustee that are accompanied by instructions to deposit the same into the Rebate Fund.

(c) ***Use of Moneys in Rebate Fund.*** Not later than 60 days after the date designated in the tax compliance certificate or similar certificate executed and delivered by the State in connection with the execution and delivery of a Series of Certificates and every five years thereafter, the Trustee shall, at the direction of the State, pay to the United States of America 90% of the amount required to be on deposit in the account of the Rebate Fund established for such Series of Certificates as of such payment date. No later than 60 days after the final retirement of each Series of Certificates, the Trustee shall, at the direction of the State, pay to the United States of America 100% of the amount required to be on deposit in the account of the Rebate Fund established for such Series of Certificates, which account shall remain in effect for such period of time as is necessary for such final payment to be made. Each payment required to be paid to the United States of America pursuant to this Section shall be filed with the Internal Revenue Service Center, Ogden, Utah 84201. Each payment shall be accompanied by a copy of the Internal Revenue Form 8038-T executed by the State and a statement prepared by the State or its agent summarizing the determination of the amount to be paid to the United States of America. The Trustee acknowledges that the State has reserved the right, in all events, to pursue such remedies and procedures as are available to it in order to assert any claim of overpayment of any rebated amounts.

(d) ***Administration of Rebate Fund.*** The State, in the Leases, has agreed to make or cause to be made all rebate calculations required to provide the information required to transfer moneys to the Rebate Fund pursuant to subsection (b) of this Section. The Trustee shall make deposits to and disbursements from accounts of the Rebate Fund in accordance with the written directions of the State given pursuant to the tax compliance certificates or similar certificates (including any investment instructions attached thereto) executed and delivered by the State in connection with the execution and delivery of the each Series of Certificates. The Trustee shall, at the written direction of the State, invest moneys in each account of the Rebate Fund pursuant to the investment instructions attached to such tax compliance certificates and shall deposit income from said investments immediately upon receipt thereof in such account of the Rebate Fund, all as set forth in such certificates. The Trustee shall conclusively be deemed to have complied with such tax compliance certificates if it follows the written directions of the State, including supplying all necessary information requested by the State in the manner set forth in the tax compliance certificates, and shall not be required to take any actions thereunder in the absence of written directions from the State. Such investment instructions may be superseded or amended by new instructions drafted by, and accompanied by an opinion of, Bond Counsel addressed to the Trustee to the effect that the use of such new instructions will not cause an Adverse Tax Event. The State may employ, at its expense, a designated agent to calculate the amount of deposits to and disbursements from the Rebate Fund. If a withdrawal from the Rebate Fund is permitted as a result of the computation described in the investment instructions, the amount withdrawn shall be deposited in the Interest Account of the Certificate Fund.

(e) ***Payments by State.*** The State has agreed in the Leases, subject to the terms of the Leases, that, if, for any reason, the amount on deposit in the Rebate Fund is less than the amount required to be paid to the United States of America on any date, the

State will pay to the Trustee as Additional Rent under the Leases the amount required to make such payment on such date.

Section 3.05. Nonpresentment of Certificates. In the event any Certificate shall not be presented for payment when due, if funds sufficient to pay such Certificate shall have been made available to the Trustee for the benefit of the Owner thereof, it shall be the duty of the Trustee to hold such funds without liability for interest thereon, for the benefit of the Owner of such Certificate, who shall be restricted exclusively to such funds for any claim of whatever nature on his part under the Indenture or on or with respect to such Certificate. Except as otherwise required by State escheat laws, funds so held but unclaimed by an Owner shall be transferred to the Principal Account of the Certificate Fund and shall be applied to the payment of the principal of other Certificates after the expiration of five years or, upon receipt by the Trustee of an opinion of Bond Counsel that such funds may be made available for such use on such earlier date, on any earlier date designated by the Trustee.

Section 3.06. Moneys to be Held in Trust. The Certificate Fund, the Capital Construction Fund, the State Expense Fund and, except for the Rebate Fund and any defeasance escrow account established pursuant to Section 9.01 hereof and the accounts and subaccounts thereof, any other fund or account created hereunder shall be held by the Trustee, for the benefit of the Owners as specified in the Indenture, subject to the terms of the Indenture and the Leases. The Rebate Fund and the accounts thereof shall be held by the Trustee for the purpose of making payments to the United States of America pursuant to Section 3.04(c) hereof. Any escrow account established pursuant to Section 9.01 hereof shall be held for the benefit of the Owners of the Certificates to be paid therefrom as provided in the applicable escrow agreement.

Section 3.07. Repayment to the State from Trustee. After payment in full of the principal of, premium, if any, and interest on the Certificates, all rebate payments due to the United States of America, the fees and expenses of the Trustee and all other amounts required to be paid hereunder, any remaining amounts held by the Trustee hereunder shall be paid to the State.

ARTICLE IV

REDEMPTION OF CERTIFICATES

Section 4.01. Redemption Provisions Set Forth in Supplemental Indentures. The terms on which each Series of Certificates are subject to redemption shall be as set forth in the Supplemental Indenture authorizing the execution and delivery of such Series of Certificates.

Section 4.02. Notice of Redemption.

(a) Notice of the call for any redemption, identifying the Certificates or portions thereof to be redeemed and specifying the terms of such redemption, shall be given by the Trustee by mailing a copy of the redemption notice by United States first-class mail, at least 30 days prior to the date fixed for redemption, and to the Owner of each Certificate to be redeemed at the address shown on the registration books; provided, however, that failure to give such notice by mailing, or any defect therein, shall

not affect the validity of any proceedings of any Certificates as to which no such failure has occurred.

(b) Any notice mailed as provided in this Section shall be conclusively presumed to have been duly given, whether or not the Owner receives the notice.

(c) If at the time of mailing of notice of redemption there shall not have been deposited with the Trustee moneys sufficient to redeem all the Certificates called for redemption, which moneys are or will be available for redemption of Certificates, such notice will state that it is conditional upon the deposit of the redemption moneys with the Trustee not later than the redemption date, and such notice shall be of no effect unless such moneys are so deposited.

Section 4.03. Redemption Payments.

(a) On or prior to the date fixed for redemption, the Trustee shall apply funds to the payment of the Certificates called for redemption, together with accrued interest thereon to the redemption date, and any required premium. Upon the giving of notice and the deposit of such funds as may be available for redemption pursuant to this Indenture (which, in the case of certain redemptions, may be less than the full principal amount of the Outstanding Certificates and accrued interest thereon to the redemption date), interest on the Certificates or portions thereof thus called for redemption shall no longer accrue after the date fixed for redemption.

(b) The Trustee shall pay to the Owners of Certificates so redeemed, the amounts due on their respective Certificates, at the Operations Center of the Trustee upon presentation and surrender of the Certificates.

Section 4.04. Cancellation. All Certificates which have been redeemed shall not be reissued but shall be canceled by the Trustee in accordance with Section 2.07 hereof.

Section 4.05. Delivery of New Certificates Upon Partial Redemption of Certificates. Upon surrender and cancellation of a Certificate for redemption in part only, a new Certificate or Certificates of the same Series and maturity and of Authorized Denominations in an aggregate principal amount equal to the unredeemed portion thereof, shall be executed on behalf of and delivered by the Trustee.

ARTICLE V

INVESTMENTS

Section 5.01. Investment of Moneys.

(a) All moneys held as part of any fund, account or subaccount created hereunder shall, subject to Sections 5.02 and 6.04 hereof, be invested and reinvested by the Trustee, at the written direction of the State, in Permitted Investments. The Trustee may conclusively presume that any investment so directed by the State is a Permitted Investment. Any and all such investments shall be held by or under the control of the

Trustee. The Trustee may invest in Permitted Investments through its own investment department, through the investment department of any Trust Bank or trust company under common control with the Trustee or through the State Treasurer. The Trustee may sell or present for redemption any investments so purchased whenever it shall be necessary in order to provide moneys to meet any payment hereunder, and the Trustee shall not be liable or responsible for any loss, fee, tax or other charge resulting from any investment, reinvestment or liquidation hereunder.

(b) Except as otherwise provided below or by Article III hereof, investments shall at all times be a part of the fund, account or subaccount from which the moneys used to acquire such investments shall have come, and all earnings on such investments shall be credited to, and losses thereon shall be charged against, such fund, account or subaccount. Notwithstanding the preceding sentence:

(i) Earnings from investments of moneys held in the Project Accounts shall be deposited as provided in Section 3.02(b)(ii) hereof.

(ii) Earnings from investments of moneys held in the Rebate Fund shall be deposited as provided in Section 3.04 hereof.

(iii) Earnings from investments of moneys held in any defeasance escrow account established pursuant to Section 9.01 hereof shall be deposited as provided in the defeasance escrow agreement governing such defeasance escrow account.

(c) The Trustee shall sell and reduce to cash a sufficient amount of such investments in the respective funds, accounts and subaccounts whenever the cash balance in any Project Account is insufficient to pay a requisition when presented, whenever the cash balance in the Principal Account or Interest Account of the Certificate Fund is insufficient to pay the principal of or interest on the Certificates when due, or whenever the cash balance in any fund, account or subaccount is insufficient to satisfy the purposes of such fund, account or subaccount. In computing the amount in any fund, account or subaccount for any purpose hereunder, investments shall be valued at their Fair Market Value.

Section 5.02. Tax Certification. The Trustee certifies and covenants to and for the benefit of the Owners that so long as any of the Certificates remain Outstanding, moneys in any fund or account held by the Trustee under this Indenture, whether or not such moneys were derived from the proceeds of the sale of the Certificates or from any other source, will not be deposited or invested in a manner which will be a violation of Section 6.04 hereof.

ARTICLE VI

CONCERNING THE TRUSTEE

Section 6.01. Certifications, Representations and Agreements. The Trustee certifies, represents and agrees that:

(a) The Trustee (i) is a commercial bank and a national banking association that is duly organized, validly existing and in good standing under the laws of the United States, (ii) is duly qualified to do business in the State, (iii) is authorized, under its articles of association and bylaws and applicable law, to act as trustee under the Indenture, to own and hold, in trust and as Trustee, the Leased Property leased to the Trustee pursuant to the Site Leases, to lease the Leased Property to the State pursuant to the Leases and to execute, deliver and perform its obligations under the Lease, the Indenture and the Site Leases.

(b) The execution, delivery and performance of the Leases, the Indenture and the Site Leases and the ownership of the Leased Property by the Trustee have been duly authorized by the Trustee.

(c) The Leases, the Indenture and the Site Leases have been duly executed and delivered by the Trustee and are valid and binding obligations enforceable against the Trustee in accordance with their respective terms, limited only by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, by equitable principles, whether considered at law or in equity, by the exercise by the State and its governmental bodies of the police power inherent in the sovereignty of the State and by the exercise by the United States of America of the powers delegated to it by the Constitution of the United States of America.

(d) The execution, delivery and performance of the Leases, the Indenture the Site Leases and the ownership of the Leased Property by the Trustee does not and will not conflict with or result in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which the Trustee is now a party or by which the Trustee is bound, or constitute a default under any of the foregoing, violate any Requirement of Law applicable to the Trustee, or, except as specifically provided in the Leases, the Indenture, the Subleases or the Site Leases, result in the creation or imposition of a lien or encumbrance whatsoever upon any of the property or assets of the Trustee.

(e) There is no litigation or proceeding pending or threatened against the Trustee affecting the right of the Trustee to execute, deliver or perform its obligations under the Leases, the Indenture, the Subleases or the Site Leases or to own the Leased Property.

(f) The Trustee acknowledges and recognizes that the Leases will be terminated upon the occurrence of an Event of Nonappropriation, and that a failure by the Colorado General Assembly to appropriate funds in a manner that results in an Event of Nonappropriation is solely within the discretion of the Colorado General Assembly.

Section 6.02. Duties of the Trustee. The Trustee hereby accepts the trusts imposed upon it by the Indenture and agrees to perform said trusts, but only upon and subject to the following express terms and conditions, and no implied covenants or obligations shall be read into this Indenture against the Trustee:

(a) The Trustee, prior to the occurrence of an Event of Default or Event of Nonappropriation and after the curing of all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically assigned to it in the Leases and the Indenture. In case an Event of Default or Event of Nonappropriation has occurred (which has not been cured or waived), the Trustee shall exercise such of the rights and powers vested in it by the Leases and the Indenture, and use the degree of care as a reasonable and prudent person would exercise under the circumstances in the conduct of the affairs of another. Notwithstanding the foregoing, the Trustee shall in all events be liable for damages and injury resulting from its negligence or willful misconduct.

(b) The Trustee may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents, receivers or employees but shall be answerable for the conduct of the same retained in accordance with the standard of care set forth in subsection (a) of this Section, and shall be entitled to act upon an Opinion of Counsel concerning all matters of trust hereof and the duties hereunder, and may in all cases pay such reasonable compensation to all such attorneys, agents, receivers and employees as may reasonably be employed in connection with the trusts hereof. The Trustee may act upon an Opinion of Counsel and shall not be responsible for any loss or damage resulting from any action or nonaction taken by or omitted to be taken in good faith in reliance upon such Opinion of Counsel.

(c) The Trustee shall not be responsible for any recital herein, in this Master Indenture or any Certificate, Supplemental Indenture, Lease, Sublease, Matching Money Bond or any offering document or other document related thereto, for collecting any insurance moneys, for the sufficiency of the security for the Certificates executed and delivered hereunder or intended to be secured hereby, or for the value of or title to the Leased Property. The Trustee shall have no responsibility with respect to any information, statement or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Certificates, except for information about the Trustee furnished by the Trustee, if any.

(d) The Trustee shall not be accountable for the use of any Certificates delivered to the Initial Purchaser thereof. The Trustee may become the Owner of Certificates with the same rights which it would have if not Trustee.

(e) The Trustee shall be protected in acting, without inquiry, upon any notice, request, consent, certificate, order, affidavit, letter, telegram or other paper or document reasonably believed by it to be genuine and to have been signed or sent by the proper person or persons. Any action taken by the Trustee pursuant to this Indenture upon the request or authority or consent of any person who at the time of making such request or giving such authority or consent is the Owner of any Certificate shall be conclusive and binding upon any Certificates executed and delivered in place thereof.

(f) The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty and the Trustee shall not be answerable for

actions that are in accordance with the standard of care set forth in subsection (a) of this Section.

(g) The Trustee shall not be required to take notice or be deemed to have notice of any Event of Default or Event of Nonappropriation under a Lease, except failure by the State to cause to be made any of the payments to the Trustee required to be made under such Lease, unless (i) an officer in the Trustee's Denver, Colorado corporate trust department has actual knowledge thereof or (ii) the Trustee has been notified in writing thereof by the State or by the Owners of at least 10% in aggregate principal amount of Certificates then Outstanding.

(h) All moneys received by the Trustee shall, until used or applied or invested as herein provided, be held in trust in the manner and for the purposes for which they were received but need not be segregated from other funds except to the extent required by the Indenture or law.

(i) The Trustee shall not be required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the premises.

(j) Notwithstanding anything in the Indenture to the contrary, the Trustee shall have the right, but shall not be required, to demand in respect of the delivery of any Certificates, the withdrawal of any cash, or any action whatsoever within the purview of the Indenture, any showings, certificates, opinions, appraisals or other information, or corporate action or evidence thereof, in addition to that by the terms hereof required, as a condition of such action by the Trustee.

(k) Notwithstanding any other provision hereof, the Trustee shall not be required to advance any of its own funds in the performance of its obligations hereunder unless it has received assurances from the Owners of the Certificates or indemnity from the Owners of the Certificates satisfactory to it that it will be repaid.

(l) Notwithstanding any other provision hereof, the Trustee shall not be directly or indirectly obligated, in its individual capacity, to make any payment of principal, interest or premium in respect to the Certificates.

(m) Records of the deposits to, withdrawals from and investment earnings on moneys in the funds and accounts held by the Trustee hereunder shall be retained by the Trustee until six years after the later of the final payment of the related Series of Certificates.

(n) The Trustee shall deliver written reports to the State within 15 days after the end of each calendar month that include at least the following information: (i) the balance in each fund, account and subaccount created hereunder as of the first day and the last day of such calendar month; (ii) all moneys received by the Trustee during such calendar month, broken down by source, including but not limited to Base Rent, Federal Direct Payments and earnings from the investment moneys held as part of any fund, account or subaccount created hereunder, and by the fund, account or subaccount into which such moneys are deposited; (iii) all disbursements from each fund, account and

subaccount created hereunder during such calendar month; and (iv) all transfers to and from each fund, account and subaccount created hereunder during such calendar month.

(o) The Trustee shall notify the State within 10 days after any claim by any Owner or any other Person that any certification, representation or agreement of the Trustee set forth in Section 6.01 hereof is not accurate or complete or that the Trustee has failed to perform any of its duties or obligations under or has failed to comply with any provision of the Indenture, any Lease or any Site Lease.

(p) The Trustee shall provide to any Sublessee at its request an accounting of all receipts and disbursements from such Sublessee's Project Account.

Section 6.03. Maintenance of Existence; Performance of Obligations.

(a) The Trustee shall at all times maintain its existence and will use its best efforts to maintain, preserve and renew all the rights and powers provided to it under its articles of association and bylaws, action of its board of directors and applicable law; provided, however, that this covenant shall not prevent the assumption, by operation of law or otherwise, by any Person of the rights and obligations of the Trustee under the Indenture, but only if and to the extent such assumption does not materially impair the rights of the Owners of any Outstanding Certificates or the State.

(b) The Trustee shall do and perform or cause to be done and performed all acts and things required to be done or performed in its capacity as Trustee under the provisions of the Indenture, the Leases or the Site Leases and any other instrument or other arrangement to which it is a party.

Section 6.04. Tax Covenant. The Trustee shall not take any action or omit to take any action with respect to the Certificates, the proceeds of the Certificates, the Trust Estate or any other funds or property that would result in an Adverse Tax Event or Adverse Federal Direct Payment Event. In furtherance of this covenant, the Trustee agrees, at the written direction of the State, to comply with the procedures set forth in the tax compliance certificate or similar certificate delivered by the State in connection with the execution and delivery of each Series of Certificates. The covenants set forth in this Section shall remain in full force and effect notwithstanding the payment in full or defeasance of the Certificates until the date on which all obligations of the Trustee in fulfilling such covenants have been met.

Section 6.05. Sale or Encumbrance of Leased Property. As long as there are any Outstanding Certificates, and as except otherwise permitted by the Indenture and except as the Leases otherwise specifically require, the Trustee shall not sell or otherwise dispose of any of the Leased Property unless it determines that such sale or other disposal will not materially adversely affect the rights of the Owners.

Section 6.06. Rights of Trustee under Leases and Site Leases. The Trustee hereby covenants for the benefit of the Owners that the Trustee will observe and comply with its obligations under the Leases and the Site Leases. Wherever in any Lease or Site Lease it is stated that the Trustee shall be notified or wherever any Lease or Site Lease gives the Trustee

some right or privilege, such part of such Lease or Site Lease shall be as if it were set forth in full in this Master Indenture.

Section 6.07. Defense of Trust Estate. The Trustee shall at all times, to the extent permitted by law, defend, preserve and protect its interest in the Leased Property and the other property or property rights included in the Trust Estate and all the rights of the Owners under this Indenture against all claims and demands of all Persons whomsoever.

Section 6.08. Compensation of Trustee. During the Lease Term for each Lease, the Trustee shall be entitled to compensation in the form of Additional Rent in accordance with such Lease. In no event shall the Trustee be obligated to advance its own funds in order to take any action in its capacity as Trustee hereunder.

Section 6.09. Resignation or Replacement of Trustee.

(a) The present or any future Trustee may resign by giving written notice to the Owners of a majority in principal amount of the Certificates and the State not less than 60 days before such resignation is to take effect. Such resignation shall take effect only upon the appointment of a successor qualified as provided in subsection (d) of this Section; provided, however, that if no successor is appointed within 90 days following the date designated in the notice for the Trustee's resignation to take effect, the resigning Trustee may petition a court of competent jurisdiction for the appointment of a successor.

(b) The present or any future Trustee may be removed at any time (i) by the State, for any reason upon delivery to the Trustee of an instrument signed by the State Representative seeking such removal, provided that the State shall not be entitled to remove the Trustee pursuant to this clause if an Event of Default has occurred and is continuing or if an Event of Nonappropriation has occurred; (ii) if an Event of Default has occurred and is continuing or if an Event of Nonappropriation has occurred, by the Owners of a majority in principal amount of the Certificates Outstanding upon delivery to the Trustee of an instrument or concurrent instruments signed by such Owners or their attorneys in fact duly appointed; or (iii) by any Owner, upon delivery to the Trustee of an instrument signed by such Owner or his or her attorney in fact duly appointed following a determination by a court of competent jurisdiction that the Trustee is not duly performing its obligations hereunder or that such removal is in the best interests of the Owners.

(c) In case the present or any future Trustee shall at any time resign or be removed or otherwise become incapable of acting, a successor may be appointed by the State. The State, upon making such appointment, shall forthwith give notice thereof to each Owner, which notice may be given concurrently with the notice of resignation given by any resigning Trustee. The Owners of a majority in principal amount of the Certificates Outstanding may thereupon act to appoint a successor trustee to such successor appointed by the State, by an instrument or concurrent instruments signed by such Owners, or their attorneys in fact duly appointed. Any successor so appointed by the State shall immediately and without further act be superseded by a successor appointed in the manner above provided by the Owners of a majority in principal amount of the Certificates Outstanding.

(d) Every successor shall be a commercial bank with trust powers in good standing, located in or incorporated under the laws of the State, duly authorized to exercise trust powers and subject to examination by federal or state authority, qualified to act hereunder, having a capital and surplus of not less than \$50,000,000. Any successor trustee shall execute, acknowledge and deliver to the present or then trustee an instrument accepting appointment as successor trustee hereunder, lessor under the Leases and lessee under the Site Leases, and thereupon such successor shall, without any further act, deed or conveyance, (i) become vested with all the previous rights, title and interest in and to, and shall become responsible for the previous obligations with respect to, the Leased Property and the Trust Estate and (ii) become vested with the previous rights, title and interest in, to and under, and shall become responsible for the trustee's obligations under the Indenture, the Leases and the Site Leases, with like effect as if originally named as Trustee herein and therein. The previous trustee shall execute and deliver to the successor trustee (A) such transfer documents as are necessary to transfer the Trustee's interest in the Leased Property to the successor trustee, (B) an instrument in which the previous trustee resigns as trustee hereunder, as lessor under the Leases and as lessee under the Site Leases and (C) at the request of the successor trustee, one or more instruments conveying and transferring to such successor, upon the trusts herein expressed, all the estates, properties, rights, powers and trusts of the previous trustee in the Leased Property, the Trust Estate, the Indenture, the Leases and the Site Leases in a manner sufficient, in the reasonable judgment of the successor trustee, to duly assign, transfer and deliver to the successor all properties and moneys held by the previous trustee in accordance with the laws of the State. Should any other instrument in writing from the previous trustee be required by any successor for more fully and certainly vesting in and confirming to it the rights, title and interest to be transferred pursuant to this Section, the previous trustee shall, at the reasonable discretion and at the request of the successor trustee, make, execute, acknowledge and deliver the same to or at the direction of the successor trustee.

(e) The instruments evidencing the resignation or removal of the Trustee and the appointment of a successor hereunder, together with all other instruments provided for in this Section shall be filed and/or recorded by the successor trustee in each recording office, if any, where the Indenture, the Lease and/or the Site Leases shall have been filed and/or recorded.

Section 6.10. Conversion, Consolidation or Merger of Trustee. Any commercial bank with trust powers into which the Trustee or its successor may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its corporate trust business as a whole or substantially as a whole shall be the successor of the Trustee under the Indenture with the same rights, powers, duties and obligations and subject to the same restrictions, limitations and liabilities as its predecessor, all without the execution or filing of any papers or any further act on the part of any of the parties hereto or thereto, anything herein or therein to the contrary notwithstanding. In case any of the Certificates shall have been executed, but not delivered, any successor Trustee may adopt the signature of any predecessor Trustee, and deliver the same as executed; and, in case any of such Certificates shall not have been executed, any successor Trustee may execute such Certificates in the name of such successor Trustee.

Section 6.11. Intervention by Trustee. In any judicial proceeding to which the State is a party and which in the opinion of the Trustee and its counsel has a substantial bearing on the interests of the Owners, the Trustee may intervene on behalf of Owners and shall do so if requested in writing by the Owners of at least 10% in principal amount of Certificates Outstanding and provided indemnification in accordance with Section 6.02(k) hereof.

ARTICLE VII

DEFAULTS AND REMEDIES

Section 7.01. Remedies of Trustee Upon the Occurrence of an Event of Default or Event of Nonappropriation. Upon the occurrence of an Event of Default or Event of Nonappropriation under any Lease, subject to the terms of the Subleases granting each Sublessee the option to purchase the Leased Property subject to its Sublease:

(a) the Trustee shall use moneys in the Certificate Fund, the Capital Construction Fund and the State Expense Fund (but not the Rebate Fund and any defeasance escrow account) in accordance with Section 7.15(b) hereof;

(b) the Trustee may, and at the request of the Owners of a majority in principal amount of the Certificates then Outstanding shall, without any further demand or notice, exercise any of the remedies available to it under the Leases (provided that the Trustee may require, as a condition to taking any action, assurances from the Owners of the Certificates limiting its liability, or an agreement with the Owners of the Certificates indemnifying it for liability, resulting from such action in a form reasonably satisfactory to it and customarily required by trustees of Colorado municipal bond issues enforcing remedies following a similar event under a similar instrument; and

(c) the Trustee may take any other action at law or in equity that may appear necessary or desirable to enforce the rights of the Owners.

Section 7.02. Remedies of Trustee Upon Material Breach by Sublessee of Site Lease. Upon a material breach by the Site Lessor of a Site Lease, the Trustee may, and at the request of the Owners of a majority in principal amount of the Certificates then Outstanding shall, without further demand or notice, take any action at law or in equity that may appear necessary or desirable to enforce the rights of the Trustee and the Owners (provided that the Trustee may require, as a condition to taking any action, assurances from the Owners of the Certificates limiting its liability, or an agreement with the Owners of the Certificates indemnifying it for liability, resulting from such action in a form reasonably satisfactory to it and customarily required by trustees of Colorado municipal bond issues enforcing remedies following a breach of a similar instrument).

Section 7.03. Failure to Perform by Trustee. Any of the following shall constitute a Failure to Perform:

(a) default in the payment of the principal of, premium, if any, and interest on any Certificate when due to the extent such failure is not directly caused by an Event of Default or an Event of Nonappropriation;

(b) failure of the Trustee to enforce and diligently pursue any remedy available under Section 7.01 or 7.02 hereof; and

(c) failure by the Trustee to comply with any other provision of the Indenture within 30 days after receiving notice of noncompliance (subject to any right to indemnification applicable to the Trustee's compliance with such provision of the Indenture).

Section 7.04. Remedies of Owners Upon a Failure to Perform. Subject to the other provisions of this Article, upon the occurrence of any Failure to Perform, the Owner of any Certificate may:

(a) commence proceedings in any court of competent jurisdiction to enforce the provisions of this Indenture against the Trustee;

(b) subject to Section 6.09 hereof, cause the Trustee to be removed and replaced by a successor trustee; and

(c) subject to Section 7.05 hereof, take any other action at law or in equity that may appear necessary or desirable to enforce the rights of such Owner.

Section 7.05. Limitations Upon Rights and Remedies of Owners. No Owner shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of the Leases or the Site Leases unless (a) an Event of Default or Event of Nonappropriation or a breach by the Sublessee of a Site Lease has occurred of which the Trustee has been notified as provided in Section 6.02(g) hereof, or of which by Section 6.02(g) hereof it is deemed to have notice, (b) the Owners of not less than a majority in principal amount of Certificates then Outstanding shall have made written request to the Trustee to institute such suit, action or proceeding and shall have offered Trustee assurances from the Owners of the Certificates limiting its liability, or an agreement with the Owners of the Certificates indemnifying it for liability, resulting from such suit, action or proceeding in a form reasonably satisfactory to the Trustee and customarily required by trustees of Colorado municipal bond issues enforcing remedies under similar instruments; and (c) the Trustee has not, after reasonable opportunity, instituted such action, suit or proceedings in its own name.

Section 7.06. Majority of Owners May Control Proceedings. Anything in this Indenture to the contrary notwithstanding, the Owners of a majority in principal amount of the Certificates then Outstanding shall have the right, at any time, to the extent permitted by law, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the Trustee to act or refrain from acting or to direct the manner or timing of any action by the Trustee under the Indenture or any Lease or Site Lease or to control any proceeding relating to the Indenture or any Lease or Site Lease; provided that such direction shall not be otherwise than in accordance with the provisions hereof.

Section 7.07. Trustee to File Proofs of Claim in Receivership, Etc. In the case of any receivership, insolvency, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceedings affecting the State or the Leased Property, the Trustee shall, to the extent permitted by law, be entitled to file such proofs of claim and other documents as may be

necessary or advisable in order to have claims of the Trustee and of the Owners allowed in such proceedings for the entire amount due and payable on the Certificates under this Indenture, at the date of the institution of such proceedings and for any additional amounts which may become due and payable by it after such date, without prejudice, however, to the right of any Owner to file a claim in its own behalf.

Section 7.08. Trustee May Enforce Remedies Without Certificates. The Trustee may enforce its rights and remedies under the Leases, the Site Leases and the Indenture without the possession of any of the Certificates or the production thereof in any trial or proceedings relative thereto; and any suit or proceeding instituted by the Trustee shall be brought in its name as Trustee, without the necessity of joining as plaintiffs or defendants any Owners of the Certificates, and any recovery of judgment shall be for the ratable benefit of the Owners, subject to the provisions hereof.

Section 7.09. No Remedy Exclusive. No right or remedy available under this Article or otherwise is intended to be exclusive of any other right or remedy, but each and every such right or remedy shall be cumulative and in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

Section 7.10. Waivers. The Trustee may in its discretion waive any Event of Default, Event of Nonappropriation or breach by a Sublessee of a Site Lease and its consequences, and, notwithstanding anything else to the contrary contained in this Indenture, shall do so upon the written request of the Owners of a majority in aggregate principal amount of all the Certificates then Outstanding; provided, however, that an Event of Nonappropriation shall not be waived without the consent of the Owners of 100% of the Certificates then Outstanding as to which the Event of Nonappropriation exists, unless prior to such waiver or rescission, all arrears of interest and all arrears of payments of principal and premium, if any, then due, as the case may be (including interest on all overdue installments at the highest rate due on the Certificates), and all expenses of the Trustee in connection with such Event of Nonappropriation shall have been paid or provided for. In case of any such waiver, or in case any proceedings taken by the Trustee on account of any such Event of Default, Event of Nonappropriation or breach by a Sublessee of a Site Lease shall have been discontinued or abandoned or determined adversely to the Trustee, then and in every such case the Trustee, the Owners and the State shall be restored to their former positions and rights hereunder respectively, but no such waiver or rescission shall extend to any subsequent or other Event of Default, Event of Nonappropriation or breach by a Sublessee of a Site Lease or impair any right consequent thereon.

Section 7.11. Delay or Omission No Waiver. No delay or omission of the Trustee or of any Owner to exercise any right or power accruing upon any Event of Default, Event of Nonappropriation, breach by a Sublessee of a Site Lease or Failure to Perform shall exhaust or impair any such right or power or shall be construed to be a waiver of any such Event of Default, Event of Nonappropriation, breach by a Sublessee of a Site Lease or Failure to Perform, or acquiescence therein; and every power and remedy given by the Indenture may be exercised from time to time and as often as may be deemed expedient.

Section 7.12. No Waiver of Default or Breach to Affect Another. No waiver of any Event of Default, Event of Nonappropriation, breach by a Sublessee of a Site Lease or Failure to

Perform by the Trustee shall extend to or affect any subsequent or any other then existing Event of Default, Event of Nonappropriation, breach by a Sublessee of a Site Lease or Failure to Perform or shall impair any rights or remedies consequent thereon.

Section 7.13. Position of Parties Restored Upon Discontinuance of Proceedings. In case the Trustee or the Owners shall have proceeded to enforce any right under the Leases, the Site Leases or the Indenture and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Person or Persons enforcing the same, then and in every such case the State, the Trustee and the Owners shall be restored to their former positions and rights hereunder with respect to the Trust Estate, and all rights, remedies and powers of the Trustee and the Owners shall continue as if no such proceedings had been taken.

Section 7.14. Purchase of Leased Property by Owner; Application of Certificates Toward Purchase Price. Upon the occurrence of an Event of Default or Event of Nonappropriation and the sale or lease of the Leased Property by the Trustee pursuant to a Lease (but subject to the Sublessees' purchase options set forth in the Subleases), any Owner may bid for and purchase or lease the Leased Property; and, upon compliance with the terms of sale or lease, may hold, retain and possess and dispose of such property in his, her, its or their own absolute right without further accountability; and any purchaser or lessee at any such sale may, if permitted by law, after allowing for payment of the costs and expenses of the sale, compensation and other charges, in paying purchase or rent money, turn in Certificates then Outstanding in lieu of cash. Upon the happening of any such sale or lease, the Trustee may take any further lawful action with respect to the Leased Property which it shall deem to be in the best interest of the Owners, including but not limited to the enforcement of all rights and remedies set forth in the Lease and this Indenture and the taking of all other courses of action permitted herein or therein.

Section 7.15. Use of Moneys Received from Exercise of Remedies.

(a) Moneys received from the exercise of remedies pursuant to this Article shall be used as follows:

(i) Moneys in the Certificate Fund shall be used, first, to make payments to the Owners of the Certificates pursuant to subsection (b) of this Section.

(ii) Moneys in each Project Account shall be used, first, to pay Costs of the Project payable from such Project Account if and to the extent the Trustee determines that it is in the best interests of the Owners to do so.

(iii) Moneys in the State Expense Fund shall be used, first, to pay costs and expenses described in Section 3.03(c)(i)(A) hereof.

(iv) Moneys in the Certificate Fund, the Project Accounts and the State Expense Fund that are not used pursuant to paragraphs (i), (ii) or (ii) above, moneys in the Costs of Issuance Account of the Capital Construction Fund and all other moneys received from the exercise of remedies pursuant to this Article shall be used in the following order of priority:

(A) *First*, to pay Additional Rent due to third parties other than the Trustee and the State;

(B) *Second*, to pay the fees and expenses of the Trustee determined in accordance with Section 9.05 of the 2009A Lease and similar provisions of other Leases;

(C) *Third*, to make payments to the Owners in accordance with subsection (b) of this Section; and

(D) *Fourth*, the remainder shall be paid to the State.

(b) Moneys that are available to make payments to the Owners pursuant to subsection (a) of this Section shall be used as follows:

(i) Moneys in each Sinking Fund Account shall be used to pay the unpaid principal of Qualified School Construction Certificates with the same Series designation as such Sinking Fund Account. If the amount in a Sinking Fund Account is not sufficient to pay all principal due on the School Construction Certificates with the same Series designation as such Sinking Fund Account, the amount available shall be used to pay unpaid principal of the Qualified School Construction Certificates with the same Series designation as such Sinking Fund Account in the order in which such principal was originally due, with unpaid principal due on the earliest principal payment dates paid first. If the amount available in a Sinking Fund Account is not sufficient to pay all unpaid principal due on the Qualified School Construction Certificates with the same Series designation as such Sinking Fund Account on a particular principal payment date, the amount available shall be used to pay principal of the Owners of the Qualified School Construction Certificates with the same Series designation as such Sinking Fund Account in proportion to the amount of unpaid principal due to such Owners on such principal payment date. For purposes of this paragraph, the principal component of the redemption price of Qualified School Construction Certificates subject to mandatory sinking fund redemption shall be treated as principal.

(ii) All other moneys available to make payments to the Owners shall be applied in the following order of priority:

(A) *First*, to pay the unpaid interest, plus interest on past due interest, on the Certificates. If the amount available is not sufficient to pay all such interest, the amount available shall be used to pay interest (including interest on past due interest) in the order in which the interest was originally due, with interest payable on the earliest Interest Payment Dates (plus interest on such interest) paid first. If the amount available is not sufficient to pay all such interest with respect to a particular Interest Payment Date, the amount available shall be used to pay interest (including interest on past due interest) to the Owners in proportion to the

amount that would have been paid to them if the amount available had been sufficient.

(B) *Second*, to pay the unpaid principal of the Certificates. If the amount available is not sufficient to pay all such principal, the amount available shall be used to pay unpaid principal in the order in which it was originally due, with principal due on the earliest principal payment dates paid first. If the amount available is not sufficient to pay all unpaid principal due on a particular principal payment date, the amount available shall be used to pay unpaid principal to the Owners in proportion to the amount of principal that would have been paid to them if the amount available had been sufficient. For purposes of this paragraph, the principal component of the redemption price of Certificates subject to mandatory sinking fund redemption shall be treated as principal.

(C) *Third*, to pay an amount equal to the premium, if any, that would have been paid to Owners as a result of the exercise by the State of its options under the Leases to purchase all the Leased Property subject to all Leases if their Certificates had been redeemed prior to maturity on the date on which payments are made pursuant to this subsection. If the amount available is not sufficient to pay all such amounts, the amount available shall be paid to the Owners to which a premium would have been paid in proportion to the amount of premium that would have been paid to them if the amount available had been sufficient.

ARTICLE VIII

SUPPLEMENTAL INDENTURES

Section 8.01. Supplemental Indentures Not Requiring Consent of Owners. The Trustee may, with the written consent of the State but without the consent of, or notice to, the Owners, execute and deliver a Supplemental Indenture for any one or more or all of the following purposes:

(a) to amend, modify or restate the Glossary attached hereto in any manner directed by the State in writing, provided that the State has certified in writing that, after such amendment, modification or restatement, the Glossary is accurate and that such amendment, modification or restatement does not materially modify the substantive provisions of the Indenture, the Leases or the Site Leases;

(b) to add to the covenants and agreements of the Trustee contained in the Indenture other covenants and agreements to be thereafter observed by the Trustee;

(c) to cure any ambiguity, or to cure, correct or supplement any defect or omission or inconsistent provision contained in the Indenture, or to make any provisions with respect to matters arising under the Indenture or for any other purpose if the State certifies in writing that such provisions are necessary or desirable;

- (d) to add additional Leased Property, to release, substitute or modify Leased Property or to amend the description of Leased Property in accordance with the Leases;
- (e) to subject to the Indenture additional revenues, properties or collateral;
- (f) to set forth the terms and conditions and other matters in connection with the execution and delivery of any Series of Certificates or Principal Strips, Interest Strips or Tax Credit Strips pursuant to Article II hereof;
- (g) to facilitate the Stripping of Certificates;
- (h) to effect or facilitate any change to avoid an Adverse Tax Event or Adverse Federal Direct Payment Event, including, but not limited to, a change to conform to any guidance or regulations promulgated by the United States Internal Revenue Service or the United States Treasury Department that relate to the treatment for federal income tax purposes of any Outstanding or proposed Certificates;
- (i) to effect any other change that, in the reasonable judgment of the State (which may be exercised in reliance upon certifications or advice provided by investment bankers or others with experience in the municipal bond industry), does not materially adversely affect the rights of the Owners; or
- (j) to modify any Certificate to conform to any Supplemental Indenture or to any amendment to the Master Indenture, any Supplemental Indenture, any Lease or any Site Lease.

Section 8.02. Supplemental Indentures Requiring Consent of Owners.

- (a) Exclusive of Supplemental Indentures under Section 8.01 hereof, the written consent of the State and the Owners of not less than a majority in aggregate principal amount of the Certificates Outstanding shall be required for the execution and delivery by the Trustee of any Supplemental Indenture; provided, however, that without the consent of the Owners of all the Certificates Outstanding nothing herein contained shall permit, or be construed as permitting:
 - (i) a change in the terms of redemption or maturity of the principal amount of or the interest on any Outstanding Certificate, or a reduction in the principal amount of or premium payable upon any redemption of any Outstanding Certificate or the rate of interest thereon, without the consent of the Owner of such Certificate;
 - (ii) the deprivation as to the Owner of any Certificate Outstanding of the lien created by the Indenture (other than as originally permitted hereby);
 - (iii) a privilege or priority of any Certificate or Certificates over any other Certificate or Certificates, except as permitted herein; or

(iv) a reduction in the percentage of the aggregate principal amount of the Certificates required for consent to any Supplemental Indenture.

(b) If at any time the Trustee shall propose to execute and deliver any Supplemental Indenture for any of the purposes of this Section, the Trustee shall cause notice of the proposed execution and delivery of such Supplemental Indenture to be mailed to the Owners of the Certificates at the addresses last shown on the registration records of the Trustee. Such notice shall briefly set forth the nature of the proposed Supplemental Indenture and shall state that copies thereof are on file at the Denver, Colorado corporate trust office of the Trustee for inspection by all Owners. If, within 60 days or such longer period as shall be prescribed by the Trustee following the mailing of such notice, the Owners of not less than a majority, or, with respect to the matters specified in paragraphs (i) through (iv) of subsection (a) of this Section, 100%, in aggregate principal amount of the Certificates Outstanding at the time of the execution of any such Supplemental Indenture shall have consented to and approved the execution thereof as herein provided, no Owner shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or to enjoin or restrain the Trustee from executing the same or from taking any action pursuant to the provisions thereof.

Section 8.03. Execution of Supplemental Indenture. Any Supplemental Indenture executed and delivered in accordance with the provisions of this Article shall thereafter form a part of this Indenture; and all the terms and conditions contained in any such Supplemental Indenture shall be deemed to be part of this Indenture for any and all purposes. In case of the execution and delivery of any Supplemental Indenture, express reference may be made thereto in the text of the Certificates executed and delivered thereafter, if any, if deemed necessary or desirable by the Trustee. As a condition to executing any Supplemental Indenture, the Trustee shall be entitled to receive and rely upon a written opinion of Bond Counsel to the effect that the execution thereof is authorized or permitted under this Indenture and the Act and will not cause an Adverse Tax Event.

Section 8.04. Amendments of Leases or Site Leases Not Requiring Consent of Owners. The Trustee shall, at the direction of the State without the consent of or notice to the Owners, amend, change or modify any Lease or Site Lease, as the State determines is required:

- (a) by the provisions of the Leases, the Indenture or the Site Leases;
- (b) for the purpose of curing any ambiguity or formal defect or omission in the Leases, the Indenture or the Site Leases;
- (c) in order more precisely to identify the Leased Property; or
- (d) to add additional Leased Property, to release, substitute or modify Leased Property or to amend the description of Leased Property in accordance with the Leases or the Site Leases;
- (e) in connection with the execution and delivery of any Series of Certificates;

- (f) in connection with the redemption of any Certificates;
- (g) in connection with any Supplemental Indenture permitted by this Article;
- (h) to effect any change in any Lease or Site Lease for any purpose for which a Supplemental Indenture may be executed and delivered pursuant to Section 8.01 hereof;
- (i) to effect any change that (i) does not reduce the revenues available to the Trustee from the Leases below the amount required to make all the payments and transfers required by Article III hereof, (ii) does not reduce the Fair Market Value of the Leased Property and (iii) does not cause an Adverse Tax Event;
- (j) to effect any change to any Project permitted by the Act;
- (k) to effect any other change in any Lease or Site Lease that, in the reasonable judgment of the State (which may be exercised in reliance upon certifications or advice provided by investment bankers or others with experience in the municipal bond industry), does not materially adversely affect the rights of the Owners.

Section 8.05. Amendments of Leases or Site Leases Requiring Consent of Owners.

Except for the amendments, changes or modifications permitted by Section 8.04 hereof, the Trustee shall not consent to any other amendment, change or modification of any Lease or Site Lease without notice to and the written approval or consent of the Owners of not less than a majority in aggregate principal amount of the Certificates Outstanding given and procured as provided in Section 8.02 hereof. If at any time the State shall request the consent of the Trustee to any such proposed amendment, change or modification of any Lease or Site Lease, the Trustee shall, upon receipt of amounts necessary to pay expenses, cause notice of such proposed amendment, change or modification to be given in the same manner as provided in Section 8.02 hereof. Such notice shall briefly set forth the nature of such proposed amendment, change or modification and shall state that copies of the instrument embodying the same are on file at the office of the Trustee designated therein for inspection by all Owners.

Section 8.06. Execution of Amendment of Lease or Site Lease. As a condition to executing any amendment to any Lease or Site Lease, the Trustee shall be entitled to receive and rely upon a written opinion of Bond Counsel to the effect that the execution thereof is authorized or permitted under the Indenture and the Lease or Site Lease, as applicable, and will not cause an Adverse Tax Event.

ARTICLE IX

MISCELLANEOUS

Section 9.01. Discharge of Indenture.

(a) If, when the Certificates secured hereby shall become due and payable in accordance with their terms or otherwise as provided in this Indenture, the whole amount of the principal of, premium, if any, and interest due and payable upon all of the Certificates shall be paid, or provision shall have been made for the payment of the same,

together with all rebate payments due to the United States of America, the fees and expenses of the Trustee and all other amounts payable hereunder, then the right, title and interest of the Trustee in and to the Trust Estate and all covenants, agreements and other obligations of the Trustee to the Owners shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee shall transfer and convey to (or to the order of) the State all property then held in trust by the Trustee pursuant to this Indenture, and the Trustee shall execute such documents as may be reasonably required by the State and shall turn over to (or to the order of) the State any surplus in any fund, account or subaccount created under this Indenture, except any escrow accounts theretofore established pursuant to this Section.

(b) All or any portion of the Outstanding Certificates shall prior to the maturity or redemption date thereof be deemed to have been paid (“defeased”) within the meaning and with the effect expressed in subsection (a) of this Section if (i) in case such Certificates are to be redeemed on any date prior to their maturity, the Trustee shall have given notice of redemption of such Certificates on said redemption date, such notice to be given on a date and otherwise in accordance with the provisions of Article IV hereof, and (ii) there shall have been deposited in trust either moneys in an amount which shall be sufficient, or Defeasance Securities which shall not contain provisions permitting the redemption thereof at the option of the issuer of such Defeasance Securities, the principal of and the interest on which when due, and without any reinvestment thereof, will provide moneys which, together with the moneys, if any, deposited with or held in trust at the same time, shall be sufficient to pay when due the principal of, premium, if any, and interest due and to become due on said Certificates on and prior to the redemption date or maturity date thereof, as the case may be. Neither the Defeasance Securities nor moneys deposited in trust pursuant to this Section or principal or interest payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of, premium, if any, and interest on said Certificates; provided any cash received from such principal or interest payments on such Defeasance Securities deposited in trust, if not then needed for such purpose, shall, to the extent practicable, be reinvested in Defeasance Securities of the type described in clause (ii) of this subsection maturing at the times and in amounts sufficient to pay when due the principal of, premium, if any, and interest to become due on said Certificates on or prior to such redemption date or maturity date thereof, as the case may be. At such time as any Certificates shall be deemed paid as aforesaid, such Certificates shall no longer be secured by or entitled to the benefits of this Indenture, except for the purpose of exchange and transfer and any payment from such moneys or Defeasance Securities deposited in trust.

(c) Prior to any discharge of this Indenture pursuant to this Section or the defeasance of any Certificates pursuant to this Section becoming effective, there shall have been delivered to the Trustee (i) a verification report from a certified public accountant verifying the deposit described in subsection (b)(ii) of this Section; and (ii) an opinion of Bond Counsel, addressed to the Trustee, to the effect that all requirements of the Indenture for such defeasance have been complied with and that such discharge or defeasance will not cause an Adverse Tax Event.

(d) In the event that there is a defeasance of only part of the Certificates of any maturity, the Trustee, at the expense of the State, may institute a system to preserve the identity of the individual Certificates or portions thereof so defeased, regardless of changes in Certificate numbers attributable to transfers and exchanges of Certificates.

Section 9.02. Further Assurances and Corrective Instruments. So long as the Indenture is in full force and effect, the Trustee shall have full power to carry out the acts and agreements provided to the Indenture and will from time to time, execute, acknowledge and deliver or cause to be executed, acknowledged and delivered such supplements to the Indenture and such further instruments as may reasonably be requested by the State for correcting any inadequate or incorrect description of the Trust Estate, or for otherwise carrying out the intention of or facilitating the performance of the Indenture.

Section 9.03. Financial Obligations of Trustee Limited to Trust Estate. Notwithstanding any other provision hereof, all financial obligations of the Trustee under the Indenture, except those resulting from a violation of the standard of care set forth in Section 6.02(a) hereof.

Section 9.04. Evidence of Signature of Owners and Ownership of Certificates.

(a) Any request, consent or other instrument which the Indenture may require or permit to be signed and executed by the Owners may be in one or more instruments of similar tenor, and shall be signed or executed by such Owners in person or by their attorneys appointed in writing, proof of the execution of any such instrument or of an instrument appointing any such attorney, or the ownership of Certificates shall be sufficient (except as otherwise herein expressly provided) if made in the following manner, but the Trustee may, nevertheless, in its discretion require further or other proof in cases where it deems the same desirable:

(i) the fact and date of the execution by any Owner or his attorney of such instrument may be proved by the certificate of any officer authorized to take acknowledgments in the jurisdiction in which he purports to act that the person signing such request or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before a notary public; and

(ii) the fact of the ownership by any person of Certificates and the amounts and numbers of such Certificates, and the date of the ownership of the same, may be proved by the registration records of the Trustee.

(b) Any request or consent of the Owner of any Certificate shall bind all transferees of such Certificate in respect of anything done or suffered to be done by the Trustee or the Trustee in accordance therewith.

Section 9.05. Parties Interested Herein. Nothing in the Indenture expressed or implied is intended or shall be construed to confer upon, or to give to, any person other than the Trustee, the Owners of the Certificates and the State, any right, remedy or claim under or by reason of the Indenture or any covenant, condition or stipulation of the Indenture; and all the covenants,

stipulations, promises and agreements in the Indenture contained by and on behalf of the Trustee shall be for the sole and exclusive benefit of the Owners, the State, the Trustee and their respective successors and assigns.

Section 9.06. Trustee Representative. Whenever under the provisions of the Indenture the approval of the Trustee is required or the Trustee is required to take some action at the request of the State or the Owners, unless otherwise provided, such approval or such request shall be given for the Trustee by the Trustee Representative, and the State and the Owners shall be authorized to act on any such approval or request.

Section 9.07. Titles, Headings, Etc. The titles and headings of the articles, sections and subdivisions of the Indenture have been inserted for convenience of reference only and shall in no way modify or restrict any of the terms or provisions hereof.

Section 9.08. Interpretation and Construction. This Master Indenture and all terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein to sustain the validity of this Master Indenture. For purposes of this Master Indenture, except as otherwise expressly provided or unless the context otherwise requires:

(a) All references in this Master Indenture to designated “Articles,” “Sections,” “subsections,” “paragraphs,” “clauses” and other subdivisions are to the designated Articles, Sections, subsections, paragraphs, clauses and other subdivisions of this Master Indenture. The words “herein,” “hereof,” “hereto,” “hereby,” “hereunder” and other words of similar import refer to this Master Indenture as a whole and not to any particular Article, Section or other subdivision.

(b) The terms defined in the Glossary have the meanings assigned to them in the Glossary and include the plural as well as the singular.

(c) All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles as in effect from time to time.

(d) The term “money” includes any cash, check, deposit, investment security or other form in which any of the foregoing are held hereunder.

(e) In the computation of a period of time from a specified date to a later specified date, the word “from” means “from and including” and each of the words “to” and “until” means “to but excluding.”

Section 9.09. Manner of Giving Notices. All notices, certificates or other communications under the Indenture shall be in writing and shall be deemed given when mailed by first class United States mail, postage prepaid, or when sent by facsimile transmission or electronic mail, addressed as follows: if to the State, to Colorado State Treasurer, 140 State Capitol, Denver, CO 80203, Attention: Deputy State Treasurer, facsimile number: 303-866-2123, electronic mail address: eric.rothaus@state.co.us, with a copy to Colorado State Controller, 633 Seventeenth Street, Suite 1500, Denver, Colorado 80203, Attention: David J. McDermott, facsimile number: 303-866-4233, electronic mail address:

david.mcdermott@state.co.us; if to the Trustee, to Zions First National Bank, 1001 Seventeenth Street, Suite 1050, Denver, Colorado 80202, Attention: Corporate Trust Services, facsimile number: 720-947-7480, electronic mail address: corporatetrust@zionsbank.com; and if to any Sublessee, to the notice address set forth in such Sublessee's Sublease. Any notice party may, by written notice, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

Section 9.10. No Individual Liability. All covenants, stipulations, promises, agreements and obligations of the Trustee, as the case may be, contained in the Indenture shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the Trustee and not of any member, director, officer, employee, servant or other agent of the Trustee in his or her individual capacity. No recourse shall be had on account of any such covenant, stipulation, promise, agreement or obligation, or for any claim based thereon or hereunder, against any member, director, officer, employee, servant or other agent of the Trustee or any natural person executing the Indenture or any related document or instrument; provided, however, that such person is acting within the scope of his or her employment, membership, directorship or agency, as applicable, and not in a manner that constitutes gross negligence or willful misconduct.

Section 9.11. Events Occurring on Days that are not Business Days. If the date for making any payment or the last day for performance of any act or the exercising of any right under the Indenture is a day that is not a Business Day, such payment may be made, such act may be performed or such right may be exercised on the next succeeding Business Day, with the same force and effect as if done on the nominal date provided in the Indenture.

Section 9.12. Legal Description of Land Included in Leased Property. The legal description of the land included in the Leased Property subject to the 2009A Lease is set forth in Appendix B to the Series 2009A Supplemental Indenture. As additional Leased Property is leased pursuant to a Lease other than the 2009A Lease, legal descriptions of the land included in such additional Leased Property will be set forth in such Lease and in the Supplemental Indenture with the same Series designation as such Lease. If the land included in the Leased Property subject to a Lease is modified pursuant to the terms of such Lease or other land is substituted for land included in Leased Property subject to any Lease pursuant to the terms of such Lease, the legal descriptions set forth in the applicable Supplemental Indenture will be amended to describe the land included in such Leased Property after such modification or substitution.

Section 9.13. Severability. In the event that any provision of the Indenture, other than the placing of the Trust Estate in trust, shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 9.14. Applicable Law. The laws of the State and rules and regulations issued pursuant thereto, as the same may be amended from time to time, shall be applied in the interpretation, execution and enforcement of the Indenture. Any provision of the Indenture, whether or not incorporated in the Indenture by reference, which provides for arbitration by an extra-judicial body or person or which is otherwise in conflict with said laws, rules and regulations shall be considered null and void. Nothing contained in any provision hereof or

incorporated in the Indenture by reference which purports to negate this Section in whole or in part shall be valid or enforceable or available in any action at law whether by way of complaint, defense or otherwise. Any provision rendered null and void by the operation of this Section will not invalidate the remainder of the Indenture to the extent that the Indenture is capable of execution. At all times during the performance of the Indenture, the Trustee shall strictly adhere to all applicable federal and State laws, rules and regulations that have been or may hereafter be established.

Section 9.15. Execution in Counterparts. This Master Indenture may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

[remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Trustee has executed this Master Indenture as of the date first above written.

ZIONS FIRST NATIONAL BANK, as Trustee

By _____
Authorized Signatory

[Signature Page to Master Indenture]

STATE OF COLORADO)
) ss.
CITY AND COUNTY OF DENVER)

The foregoing instrument was acknowledged before me this _____ day of August, 2009,
by _____ as an authorized signatory of Zions First National
Bank.

WITNESS MY HAND AND OFFICIAL SEAL, the day and year above written.

[SEAL]

Notary Public

My commission expires:

APPENDIX A

FORM OF PROJECT ACCOUNT REQUISITION

Zions First National Bank
1001 Seventeenth Street, Suite 1050
Denver, Colorado 80202
Attention: Corporate Trust Services

State of Colorado
Building Excellent Schools Today
Master Trust Indenture
dated as of August 12, 2009

Ladies and Gentlemen:

This Project Account Requisition is delivered by the Sublessee identified below (the “Sublessee”) and the State of Colorado, acting by and through the State Treasurer (the “State”), to Zions First National Bank in its capacity as trustee (the “Trustee”) under the State of Colorado Building Excellent Schools Today Master Trust Indenture dated as of August 12, 2009, as it may be supplemented or amended from time-to-time by a Supplemental Indenture or otherwise (the “Indenture”). Capitalized terms used but not defined herein have the meanings assigned to them in the Indenture.

The Sublessee and the State, in accordance with the Indenture and the Sublessee’s Sublease, hereby requisitions the dollar amount described below from the Project Account identified below to pay, or reimburse the Sublessee for the payment of, Costs of the Project for which such Project Account was established.

Representations of Sublessee and State. The Sublessee and the State each represent that:

1. If this Requisition is the first requisition for a withdrawal from the Sublessee’s Project Account, the Trustee has previously received, or this Requisition is accompanied by, a standard leasehold title insurance policy, an amendment or supplement to a previously issued standard leasehold title insurance policy or a commitment to issue such a policy, amendment or supplement, which, when considered together with policies or amendments or supplements to policies previously received by the Trustee, insure(s) the Trustee’s interest in the real estate included in the Leased Property leased to the Sublessee under its Sublease, and if all or any portion of the Trustee’s title to the real estate included in such Leased Property is a leasehold interest, then also insuring the title of the fee owner of such real estate, subject only to Permitted Encumbrances, in an amount that is not less than the lesser of (a) the ~~maximum dollar amount of the title insurance that is available with respect to~~ Fair Market Value of the Sublessee’s Leased Property or (b) the amount resulting from multiplying (i) the principal amount of the Series of Certificates from which proceeds have been deposited into such Sublessee’s Project Account, *times* (ii) a fraction, (A) the numerator of which is the

amount of proceeds of such Series of Certificates and Allocated Investment Earnings deposited into such Sublessee's Project Account and (B) the denominator of which is the total amount of proceeds of such Series of Certificates and Allocated Investment Earnings deposited into all Project Accounts (including the Sublessee's Project Account).

2. The Sublessee has entered into or has a reasonable expectation that it will enter into one or more Project Contracts that comply with the Public School Capital Construction Guidelines for substantially all the Work required to complete the Project.

3. The total amount withdrawn from the Project Account pursuant to this Requisition and all previous requisitions does not exceed the amount of proceeds of Certificates and Allocated Investment Earnings deposited into such- Project Account pursuant to the Indenture.

Representations of Sublessee. The Sublessee represents that:

(a) This Requisition is not for an amount that the Sublessee does not intend to pay to a Contractor or material supplier because of a dispute or other reason.

(b) Title to all Work to be paid for with moneys withdrawn pursuant to this Requisition will pass to the Trustee no later than the time of payment. If the moneys withdrawn pursuant to this Requisition are to be used to pay for materials or equipment, the materials or equipment have already been delivered and title thereto has already been transferred to the Trustee.

(c) If the moneys withdrawn pursuant to this Requisition are to be used to pay, or to reimburse the Sublessee for the payment of, Costs of the Project incurred in connection with the acquisition of any real estate included in or to be added to the Leased Property: (i) the Trustee owns such real estate or a leasehold interest in such real estate free and clear of encumbrances other than Permitted Encumbrances and (ii) the Fair Market Value of such real estate is at least equal to the amount of money to be withdrawn.

(d) If this Requisition is for the final installment of the Costs of the Project, a Certificate of Completion has been delivered to or is being delivered with this Requisition to the State and the Trustee.

(e) There is no Event of Default or Event of Nonappropriation has occurred and is continuing under the Sublessee's Sublease and the Sublessee has paid all amounts due under, and is not otherwise in default with respect to any of its obligations under, its Matching Money Bond.

Representations of State. The State represents that no Event of Default or Event of Nonappropriation has occurred and is continuing under the 2009A Lease.

PROJECT ACCOUNT CERTIFICATE SERIES: _____

NAME OF SUBLESSEE: _____

TOTAL DOLLAR AMOUNT REQUESTED PURSUANT TO THIS REQUISITION: _____

The Trustee is hereby directed to mail checks in the amounts to the payees, and to deliver an IRS Form 1099 for the total amount paid to each such payee pursuant to this Requisition and other Requisitions during each calendar year, at the addresses shown in the Payment Schedule attached hereto.

The undersigned hereby certifies that he/she is, as appropriate, the Sublessee Representative and the State Representative and is authorized to sign and deliver this Requisition to the Trustee pursuant to the Indenture.

NAME OF SUBLESSEE:

By _____
Sublessee Representative

STATE OF COLORADO, ACTING BY AND
THROUGH THE STATE TREASURER

By _____
State Representative

Date: _____

PAYMENT SCHEDULE TO PROJECT ACCOUNT REQUISITION

Payee	Address	Amount to be Paid
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APPENDIX B

LEGAL DESCRIPTION OF LAND INCLUDED IN LEASED PROPERTY

1. LAND INCLUDED IN LEASED PROPERTY OF ALAMOSA SCHOOL DISTRICT
RE-11J

A TRACT OF LAND SITUATED IN THE NORTH HALF OF THE SOUTHEAST QUARTER AND IN THE NORTHEAST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 9, TOWNSHIP 37 NORTH, RANGE 10 EAST OF THE NEW MEXICO PRINCIPAL MERIDIAN, BEING A PART OF WASHINGTON ADDITION TO ALAMOSA, COUNTY OF ALAMOSA, STATE OF COLORADO, AND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS TO-WIT:

CONSIDERING THE LINE BETWEEN THE CENTER QUARTER CORNER AND THE EAST QUARTER CORNER OF SAID SECTION 9 AS BEARING S89°47'26"E AND WITH ALL BEARINGS CONTAINED HEREIN RELATIVE THERETO;

COMMENCING AT THE EAST QUARTER CORNER OF SAID SECTION 9; THENCE S82°35'29"W A DISTANCE OF 2427.60 FEET TO A POINT ON THE SOUTH RIGHT-OF-WAY LINE FOR WEST 8TH STREET IN ALAMOSA AND THE **TRUE POINT OF BEGINNING**;

THENCE S00°12'51"W A DISTANCE OF 395.00 FEET;
THENCE S89°47'09"E A DISTANCE OF 450.00 FEET;
THENCE S00°12'51"W A DISTANCE OF 30.00 FEET;
THENCE S89°47'09"E A DISTANCE OF 270.00 FEET;
THENCE S00°12'51"W A DISTANCE OF 425.00 FEET TO A POINT ON THE NORTH RIGHT-OF-WAY LINE FOR WEST 10TH STREET;
THENCE N89°47'09"W ALONG THE NORTH RIGHT-OF-WAY LINE FOR WEST 10TH STREET A DISTANCE OF 1710.00 FEET;
THENCE N00°12'51"E A DISTANCE 850.00 FEET TO A POINT ON THE SOUTH RIGHT-OF-WAY LINE FOR WEST 8TH STREET;
THENCE S89°47'09"E ALONG SAID SOUTH RIGHT-OF-WAY LINE A DISTANCE OF 990.00 FEET TO THE **TRUE POINT OF BEGINNING**.

2. LAND INCLUDED IN LEASED PROPERTY OF SANGRE DE CRISTO SCHOOL DISTRICT RE-22J

Parcel 2,
FRYE DIVISION OF LAND NO. 1, according to the Plat thereof
recorded May 11, 2009 at Reception No. 338506,
County of Alamosa,
State of Colorado.

3. LAND INCLUDED IN LEASED PROPERTY OF SARGENT SCHOOL DISTRICT RE-33J

A TRACT OF LAND SITUATED IN THE SOUTHWEST QUARTER OF SECTION 28, TOWNSHIP 40 NORTH, RANGE 8 EAST, NEW MEXICO PRINCIPAL MERIDIAN, RIO GRANDE COUNTY, COLORADO, AND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS TO-WIT:

CONSIDERING THE WEST LINE OF THE SOUTHWEST QUARTER OF SAID SECTION 28 AS BEARING N00°12'30"E AND WITH ALL BEARINGS CONTAINED HEREIN RELATIVE THERETO:

COMMENCING AT THE SOUTHWEST CORNER OF SAID SECTION 28; THENCE N28°46'48"E A DISTANCE OF 416.98 FEET TO THE **TRUE POINT OF BEGINNING**;

THENCE NORTH 79.67 FEET;
THENCE EAST 40.62 FEET;
THENCE NORTH 113.75 FEET;
THENCE WEST 107.50 FEET;
THENCE NORTH 26.58 FEET;
THENCE WEST 15.92 FEET;
THENCE NORTH 30.60 FEET;
THENCE EAST 15.97 FEET;
THENCE NORTH 28.58 FEET;
THENCE EAST 246.62 FEET;
THENCE SOUTH 85.77 FEET;
THENCE WEST 13.79 FEET;
THENCE SOUTH 58.08 FEET;
THENCE EAST 13.33 FEET;
THENCE SOUTH 150.00 FEET;
THENCE WEST 80.21 FEET;
THENCE NORTH 14.67 FEET;
THENCE WEST 99.12 FEET TO THE **TRUE POINT OF BEGINNING**;

AND THE FOLLOWING PARCEL MORE PARTICULARLY DESCRIBED AS FOLLOWS:

A PARCEL SITUATED IN THE SOUTHWEST QUARTER OF SECTION 28, TOWNSHIP 40 NORTH, RANGE 8 EAST, NEW MEXICO PRINCIPAL MERIDIAN, RIO GRANDE COUNTY, COLORADO, AND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS TO-WIT:

CONSIDERING THE WEST LINE OF THE SOUTHWEST QUARTER OF SAID SECTION 28 AS BEARING N00°12'30"E AND WITH ALL BEARINGS CONTAINED HEREIN RELATIVE THERETO:

COMMENCING AT THE SOUTHWEST CORNER OF SAID SECTION 28:
THENCE N03°08'22"E A DISTANCE OF 586.66 FEET TO A POINT ON THE EAST RIGHT-
OF-WAY LINE FOR COUNTY ROAD 2 EAST AND THE **TRUE POINT OF BEGINNING**:

THENCE N00°12'30"E ALONG THE EAST RIGHT-OF-WAY LINE FOR SAID COUNTY
ROAD 2 EAST A DISTANCE OF 30.60 FEET;
THENCE S89°47'30"E A DISTANCE OF 85.71 FEET;
THENCE SOUTH 30.60 FEET;
THENCE N89°47'30"W A DISTANCE OF 85.82 FEET TO THE **TRUE POINT OF**
BEGINNING.

LEGAL DESCRIPTION PREPARED BY:
REYNOLDS ENGINEERING COMPANY
MARTIN REYNOLDS, PLS #23847

APPENDIX C

GLOSSARY

“*Act*” means the Building Excellent Schools Today Act, part 1 of article 43.7 of title 22, C.R.S., as it may be amended from time to time.

“*Additional Rent*” means (a) when used with respect to amounts payable by the State pursuant to the 2009A Lease, the costs and expenses incurred by the State in performing its obligations under the 2009A Lease other than its obligations with respect to Base Rent and the State’s Purchase Option Price; (b) when used with respect to amounts payable by the State pursuant to any other Lease, similar costs and expenses; and (c) when used with respect to amounts payable by a Sublessee pursuant to a Sublease, the costs and expenses incurred by the Sublessee in performing its obligations under such Sublease other than its obligations with respect to the Sublessee’s Purchase Option Price under such Sublease. Amounts payable by a Sublessee pursuant to a Sublease are not included in the Trust Estate.

“*Adverse Federal Direct Payment Event*” means an event that would cause a Taxable Build America Certificate to fail to qualify as a build America bond within the meaning of Section 54AA of the Code for which the issuer has made an irrevocable election to have Sections 54AA(g) and 6431 of the Code apply.

“*Adverse Tax Event*” means:

(a) with respect to a Tax Credit Build America Certificate, an event that would cause the Certificate to fail to qualify as a build America bond within the meaning of Section 54AA of the Code for which the issuer has made an irrevocable election to have Sections 54AA(g) and 6431 of the Code apply;

(b) with respect to a Taxable Build America Certificate or a Taxable No Tax Credit Certificate, the term Adverse Tax Event shall have no meaning;

(c) with respect to a Tax Exempt Certificate, an event that would cause interest on any of the Certificates to be included in gross income for federal income tax purposes or to be an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations (except, with respect to corporations, as such interest is required to be taken into account in determining “adjusted current earnings” for the purpose of computing the alternative minimum tax imposed on such corporations); and

(d) with respect to a Qualified School Construction Certificate, an event that would cause the Certificate to fail to qualify as a qualified school construction bond within the meaning of Section 54F of the Code.

“*Allocated Investment Earnings*” means, when used with respect to any Project Account, the dollar amount, if any, designated by the State at the time such account is created of

investment earnings from the Project Accounts that is to be deposited over time into such Project Account pursuant to Section 3.02(b)(ii) of the Master Indenture.

“Amortizing Principal” means the payments of Base Rent by the State pursuant to a Lease that are designated and paid as Amortizing Principal under such Lease.

“Assistance Board” means the public school capital construction assistance board created in section 22-43.7-106(1) of the Act.

“Assistance Fund” means the public school capital construction assistance fund created in section 22-43.7-104(1) of the Act.

“Authorized Denominations” means, with respect to any Series of Certificates, the denominations specified in the Supplemental Indenture authorizing such Series of Certificates.

“Available Project Proceeds” with respect to any Series of Qualified School Construction Certificates has the meaning assigned to it in Section 54A of the Code.

“Available Project Proceeds Expenditure Period” means, with respect to any Series of Qualified School Construction Certificates, the third anniversary of the date such Series of Qualified School Construction Certificates are originally executed and delivered or, in the event the United States Internal Revenue Service grants an extension of the three year expenditure period, the last day of the extended expenditure period.

“Base Rent” means (a) when used with respect to amounts payable by the State pursuant to a Lease, the amounts designated and paid as Base Rent under such Lease; and (b) when used with respect to amounts payable by a Sublessee pursuant to a Sublease, the payments, if any, by the Sublessee pursuant to such Sublease that are designated and paid as Base Rent under such Sublease. Base Rent payable by Sublessees pursuant to Subleases is not included in the Trust Estate.

“Base Rent Payment Date” means, when used with respect to Base Rent payable pursuant to a Lease or Sublease, one of the dates in the “Base Rent Payment Date” column in the Exhibit to such Lease or Sublease that includes the schedule for payment of Base Rent payable pursuant to such Lease or Sublease.

“Bond Counsel” means (a) as of the date of execution and delivery of the Series 2009A Certificates, Kutak Rock LLP, and (b) as of any other date, Kutak Rock LLP or such other attorneys selected by the State with nationally recognized expertise in the issuance of municipal securities that qualify as Taxable Build America Certificates, Tax Credit Build America Certificates, School Construction Certificates and Tax Exempt Certificates.

“Building Excellent Schools Today Lease Purchase Agreement” means a lease purchase agreement entered into by the State Treasurer on behalf of the State on the instructions of the Assistance Board to provide financial assistance as defined in the Act to Eligible K-12 Institutions pursuant to section 22-43.7-110(2) of the Act.

“*Business Day*” means any day other than a Saturday, a Sunday or a day on which banks in New York, New York or Denver, Colorado are authorized by law to remain closed.

“*Capital Construction Fund*” means the special fund created by Section 3.02 of the Master Indenture.

“*Certificate Fund*” means the special fund created by Section 3.01 of the Master Indenture.

“*Certificates*” means all the certificates executed and delivered pursuant to the Master Indenture.

“*Code*” means the Internal Revenue Code of 1986, as amended, and regulations thereunder.

“*Completion Certificate*” for each Project is defined in the Sublease of the Sublessee for which the Project was financed.

“*Completion Date*” for each Project is defined in the Sublease of the Sublessee for which the Project was financed.

“*Contractor*” means any Person who performs Work in connection with a Project.

“*Costs*” or “*Costs of a Project*” means, with respect to each Project, the costs of capital construction (as defined in § 22-43.7-103(6) of the Act) of such Project that are incurred prior to the Completion Date for such Project.

“*Costs of Issuance*” means costs incurred in connection with the preparation, negotiation, execution and delivery of any Site Lease, Lease, Sublease, Matching Moneys Bond, the Indenture, the Certificates or any other document related thereto and due diligence, title and other nonconstruction costs incurred with respect to the Leased Property and the Projects prior to the last Completion Date for a Project that is financed with the proceeds of such Certificates, including, but not limited to, any fees and expenses of the Trustee, any fees and expenses of any underwriter or financial advisor that provides services in connection with the execution and delivery of any Certificates, costs of environmental assessments or reports and title insurance, legal fees and expenses, costs incurred in obtaining ratings from rating agencies, Certificate insurance premiums, costs of immediately available funds, costs of publication, printing and engraving, accountants’ fees and recording and filing fees.

“*Costs of Issuance Account*” means the account of the Capital Construction Fund created by and designated as such in Section 3.02(a) of the Master Indenture.

“*C.R.S.*” means Colorado Revised Statutes, as amended.

“*Defeasance Securities*” means Permitted Investments which are:

- (a) cash;

(b) U.S. Treasury Certificates, Notes and Bonds, including State and Local Government Series (“SLGs”);

(c) direct obligations of the U.S. Treasury which have been stripped by the Treasury itself, including CATS, TIGRS and similar securities;

(d) Resolution Funding Corp. (REFCORP): only the interest component of REFCORP strips which have been stripped by request to the Federal Reserve Bank of New York in book entry form;

(e) pre-refunded municipal bonds rated “Aaa” by Moody's and “AAA” by S&P; provided that if the issue is only rated by S&P (i.e., there is no Moody's rating), then the pre-refunded bonds must have been pre-refunded with cash, direct U.S. or U.S. guaranteed obligations, or AAA-rated pre-refunded municipal bonds;

(f) the following obligations issued by the following agencies which are backed by the full faith and credit of the United States are pledged for the payment of principal and interest:

(i) U.S. Export-Import Bank (Eximbank) direct obligations or fully guaranteed certificates of beneficial ownership;

(ii) Farmers Home Administration (FmHA) certificates of beneficial ownership;

(iii) Federal Financing Bank;

(iv) General Services Administration participation certificates;

(v) U.S. Maritime Administration Guaranteed Title XI financing;

(vi) U.S. Department of Housing and Urban Development (HUD):

(A) Project Notes;

(B) Local Authority Bonds;

(C) New Communities Debentures—U.S. government guaranteed debentures; and

(D) U.S. Public Housing Notes and Bonds—U.S. government guaranteed public housing notes and bonds.

“*Eligible K-12 Institution*” means an applicant as defined in the Act.

“*Event of Default*” means (a) when the term is used in the 2009A Lease or is used to refer to an event occurring under the 2009A Lease, an event described in Section 11.01 of the 2009A Lease; (b) when the term is used in a Sublease with respect to Leased Property subject to the 2009A Lease or is used to refer to an event occurring under such a Sublease, an event described

in Section 11.01 of such Sublease; (c) when the term is used in a Site Lease with respect to Leased Property subject to the 2009A Lease or is used to refer to an event occurring under such Site Lease, an event described in Section 10.01 of such Site Lease; (d) when the term is used in any other Lease, Sublease or Site Lease or is used to refer to an event occurring under any other Lease or Sublease or the Site Lease, any event similar to an event described in clause (a), (b) or (c) of this definition; and (e) when the term is used in the Indenture, an Event of Default under the 2009A Lease or any other Lease.

“*Event of Nonappropriation*” means (a) when the term is used in the 2009A Lease or is used to refer to an event occurring under the 2009A Lease, an event described in Section 5.04(b) of the 2009A Lease; (b) when the term is used in a Sublease with respect to Leased Property subject to the 2009A Lease or is used to refer to an event occurring under such a Sublease, an event described in Section 5.04(b) of such Sublease; (c) when the term is used in any other Lease or Sublease or is used to refer to an event occurring under any other Lease or Sublease, any similar event; and (d) when the term is used in the Indenture, an Event of Nonappropriation under the 2009A Lease or any other Lease.

“*Failure to Perform*” is defined in Section 7.03 of the Master Indenture.

“*Fair Market Value*” means:

(a) with respect to real property improved pursuant to a Project after a Certificate of Completion has been delivered with respect to such Project and with respect to Leased Property that is not improved pursuant to a Project, (i) the value of the land included in such property as estimated by the Site Lessor in the Site Lease pursuant to which such property is leased to the Trustee, *plus* (ii) the replacement value of such property determined by the Colorado School District Self Insurance Pool or other insurer providing casualty and property damage for such property;

(b) with respect to real property improved pursuant to a Project before a Certificate of Completion has been delivered with respect to such Project, (i) the value of the land included in such property as estimated by the Site Lessor in the Site Lease pursuant to which such property is leased to the Trustee, *plus* (ii) the sum of (A) the amount ~~on deposit in~~ of proceeds of Certificates deposited into the Project Account for such Project; (B) ~~Allocated Investment earnings~~ Earnings expected to be deposited into such Project Account; and (C) the amount expended on improvements to such property from such Project Account; *minus* (iii) the amount that has been or is expected to be spent from such Project Account to acquire or improve property for the Sublessee for which such Project Account was established that is not included in the Leased Property;

(c) with respect to other property, the price at which a willing seller would sell and a willing buyer would buy property in an arm’s length transaction; and

(d) if Fair Market Value is being determined for a portion of the property for which a value is determined pursuant to clauses (a), (b) and/or (c), the State’s determination as to the amount of the value determined pursuant to clauses (a), (b) and/or

(c) that is allocable to the portion of the property for which Fair Market Value is being determined shall be conclusive and binding on all Persons.

“*Federal Direct Payments*” means payments by the federal government in connection with the interest on Taxable Build America Bonds pursuant to Sections 54AA(g) and 6431 of the Code.

“*Fiscal Year*” means the State’s fiscal year, which begins on July 1 of each year and ends on June 30 of the following year.

“*Force Majeure*” means any event that is not within the control of the State, including, without limitation, acts of God; strikes, lockouts or other industrial disturbances; acts of public enemies; orders or restraints of any kind of the government of the United States of America or of the State or any of their departments, agencies or officials or any civil or military authority; insurrection; riots; landslides; earthquakes; fires; storms; droughts; floods; explosions; or breakage or accidents affecting machinery, transmission pipes or canals.

“*Glossary*” means this Glossary as it may be amended, supplemented or restated from time to time.

“*Governing Body*” means, (a) when used with respect to a Participating K-12 Institution that is a school district, the Board of Education of such school district; and (b) when used with respect to any other Participating K-12 Institution, the legislative body of such Participating K-12 Institution.

“*Indenture*” means the Master Indenture and all Supplemental Indentures, collectively.

“*Initial Purchaser*” means the Person who initially purchases a Series of Certificates pursuant to a certificate purchase agreement or otherwise.

“*Initial Term*” means, with respect to each Lease and Sublease, the period commencing on the date the Lease or Sublease is executed and delivered (unless a different commencement date is specifically set forth in such Lease or Sublease) and ending on the following June 30.

“*Interest Account*” means the special account of the Certificate Fund established and designated as such by Section 3.01 of the Master Indenture.

“*Interest Payment Date*” (a) has no meaning with respect to the Series 2009A Certificates; and (b) means, with respect to other Certificates, unless this definition is amended at or prior to the execution and delivery of such other Certificates, May 1 and November 1, commencing on the first such date that is at least 75 days after the original dated date of such Certificates.

“*Interest Strip*” means an instrument evidencing the right to receive the interest on a Qualified School Construction Certificate or Tax Credit Build America Certificate independently of the right to receive the tax credit available to the owner of, the principal of such Qualified School Construction Certificate or Tax Credit Build America Certificate.

“*Land*” means (a) with respect to the land included in the Leased Property subject to the 2009A Lease, the land described in Exhibit A to the 2009A Lease, subject to the terms of the 2009A Lease relating to modifications and substitutions of Leased Property; (b) with respect to land included in a Sublessee’s Leased Property subject to the 2009A Lease, the land described in Exhibit B to such Sublease, subject to the terms of such Sublease relating to modifications and substitutions of Leased Property; (c) with respect to the land included in a Site Lessor’s Leased Property subject to the 2009A Lease, the land described in Exhibit A to such Site Lease, subject to the terms of such Site Lease relating to modifications and substitutions of Leased Property; and (d) with respect to the land included in the Leased Property subject to any other Lease, Sublease or Site Lease, the land described in the such Lease, Sublease or Site Lease on the date such Lease, Sublease or Site Lease is executed and delivered, subject to the terms of such Lease, Sublease or Site Lease relating to modifications and substitutions of Leased Property.

“*Lease*” means (a) when the term is used in a particular Building Excellent Schools Today Lease Purchase Agreement to refer to “this Lease,” the particular Building Excellent Schools Today Lease Purchase Agreement in which the term is used; (b) when the term is used in the Indenture or another document other than a Building Excellent Schools Today Lease Purchase Agreement and is not preceded by the Series designation of the Lease, any of the 2009A Lease or any other Building Excellent Schools Today Lease Purchase Agreement revenues from which are to be used to pay principal of, premium, if any, and interest on Certificates; and (c) when the terms is preceded by the Series designation of the Lease, the Building Excellent Schools Today Lease Purchase Agreement with that Series designation.

“*Lease Revenues*” means, (a) with respect to the 2009A Lease: (i) the Base Rent;² (ii) the State’s Purchase Option Price, if paid (including any Net Proceeds applied to the payment of the State’s Purchase Option Price pursuant to a Lease);² (iii) earnings on moneys on deposit in ~~any fund, account or subaccount and all other revenues from the 2009A Lease, to the extent such earnings or revenues are deposited into a fund, account or subaccount that is part of the Trust Estate, the Certificate Fund, the Capital Construction Fund and the State Expense Fund (but not the Rebate Fund or any defeasance escrow account);~~ and (iv) any other moneys to which the Trustee may be entitled for the benefit of the Owners; and (b) with respect to other Leases, similar amounts with respect thereto. Lease Revenues does not include amounts payable by any Sublessee under a Sublease or any Matching Moneys Bond.

“*Lease Term*” means the period of time during which a Lease is in force and effect, as set forth in Section 3.01 of the 2009A Lease and any similar provision of any other Lease.

“*Leased Property*” means (a) when the term is used in a particular Lease or to refer to property leased pursuant to a particular Lease, the Land and the buildings, structures and improvements now or hereafter located on such Land (including any fee interest, leasehold estate or other interest therein) that are leased by the Trustee to the State pursuant to such Lease, subject to the terms of such Lease relating to modifications and substitutions of Leased Property; (b) when the term is used in a particular Sublease, the Land and the buildings, structures and improvements now or hereafter located on such Land (including any fee interest, leasehold estate or other interest therein) that are subleased to the Sublessee pursuant to the Sublease, subject to the terms of such Sublease relating to modifications and substitutions of Leased Property; (c) when the term is used in a particular Site Lease, the Land and the buildings, structures and

improvements located on such Land (including any fee interest, leasehold estate or other interest therein) that are leased by the Site Lessor to the Trustee pursuant to such Site Lease; (d) when the term is used together with a possessive reference to a particular Sublessee or Site Lessor, the Land and the buildings, structures and improvements now or hereafter located on such Land (including any fee interest, leasehold estate or other interest therein) leased to such Sublessee under a Sublease or leased by such Site Lessor under a Site Lease; and (e) when the term is used in other contexts, all the property (including any fee interest, leasehold estate or other interest therein and the Land and the building, structures and improvements now or hereafter located on such Land) leased to the State pursuant to all the Leases, subject to the terms of the Leases relating to modifications and substitutions of Leased Property.

“*Master Indenture*” means the State of Colorado Building Excellent Schools Today Master Trust Indenture dated as of August ~~—,12,~~ 2009 by the Trustee, as it may be supplemented and amended from time-to-time by a Supplemental Indenture or otherwise.

“*Matching Moneys*” has the meaning assigned to it in the Act.

“*Matching Moneys Bond*” means any bond issued by a Sublessee and delivered to the State to satisfy the Sublessee’s obligation to pay Matching Moneys with respect to its Project.

“*Moody’s*” means Moody’s Investor Service and its successors and assigns.

“*Net Proceeds*” means the gross proceeds received from any insurance, performance bond, condemnation award or contract or any source as a consequence of a Property Damage, Defect or Title Event *minus* any expenses incurred in connection with the collection of such gross proceeds.

“*Opinion of Counsel*” means a written opinion of legal counsel, who may be counsel to the Trustee.

“*Outstanding*” means all Certificates which have been executed and delivered, except:

(a) Certificates canceled or which shall have been surrendered to the Trustee for cancellation;

(b) Certificates in lieu of which other Certificates have been executed under Section 2.05 or 2.06 of the Master Indenture;

(c) Certificates which have been redeemed as provided in Article IV of the Master Indenture (including Certificates redeemed on payment of an amount less than the outstanding principal thereof and accrued interest thereon to the redemption date);

(d) Certificates which are due and for which the Trustee holds funds for the benefit of the Owner thereof pursuant to Section 3.05 of the Master Indenture;

(e) Certificates which are otherwise deemed discharged pursuant to Section 9.01 of the Master Indenture; and

(f) Certificates held by the State.

“*Owner*” of a Certificate means the registered owner of such Certificate as shown in the registration records of the Trustee.

“*Participating K-12 Institution*” means an Eligible K-12 Institution for which the Assistance Board has recommended, and the State Board has approved, the provision of financial assistance for the Eligible K-12 Institution’s Project in accordance with the Act and for which the Assistance Board has instructed the State Treasurer to enter into a Building Excellent Schools Today Lease Purchase Agreement to provide such financial assistance.

“*Permitted Encumbrances*” means, as of any particular time, (a) liens for taxes and assessments not then delinquent, or liens which may remain unpaid pursuant to Section 7.02(b) of the 2009A Lease or any similar provision of any other Lease; (b) the Leases, the Indenture, the Site Leases and the Subleases; (c) easements, licenses, rights-of-way, rights and privileges, reversion clause, use or other restrictions and exceptions which a State Representative certifies will not materially adversely affect the value, or interfere with or impair the effective use or operation, of the Leased Property, including easements granted pursuant to Section 7.03 of the 2009A Lease or any similar provision of any other Lease; (d) any financing statements filed with respect to the Trustee’s interest in the Leased Property, the Leases, the Site Leases or the Subleases; (e) any encumbrance represented by financing statements filed to perfect purchase money security interests in any portion of or all of the Leased Property; (f) any claim filed pursuant to C.R.S. § 38-26-107; (g) any applicable zoning requirements; and (h) such minor defects, irregularities, encumbrances and clouds on title as normally exist with respect to property of the general character of the Leased Property and as do not, as certified by the Sublessee that leased the Leased Property to the Trustee, materially impair title to the Leased Property. In addition, with respect to the Leased Property described in Exhibit A to the State of Colorado Building Excellent Schools Today Sublease Agreement dated as of August __, 2009 between Sargent School District RE-33J and the State, Permitted Encumbrances includes the deed restriction providing that the ownership of the Leased Property reverts to a third party if such Leased Property is not used for school purposes.

“*Permitted Investments*” means any investment which is a lawful investment permitted for the investment of funds of the State by the laws of the State under C.R.S. § 24-75-601.1 or any successor thereto.

“*Person*” means any natural person, firm, corporation, partnership, limited liability company, state, political subdivision of any state, other public body or other organization or association.

“*Principal Account*” means the special account of the Certificate Fund established and designated as such by Section 3.01 of the Master Indenture.

“*Principal Component*” means (a) the rights of the Owner of a Tax Credit Build America Certificate or a Qualified School Construction Certificate not included in the Tax Component, including the right to payment of the principal of such Credit Certificate in accordance with the

Indenture and the rights of the Owner of such Certificate under the Indenture based on the principal amount of such Certificate.

“Principal Strip” means an instrument evidencing the right to receive the principal of a Qualified School Construction Certificate or Tax Credit Build America Certificate independently of the right to receive the tax credit available to the owner of or the interest on such Qualified School Construction Certificate or Tax Credit Build America Certificate.

“Project” means (a) when the term is used to refer to a Project financed with the proceeds of a Series of Certificates, a capital construction project as defined in the Act that is financed with the proceeds of such Series of Certificates; (b) when the term is used in a particular Lease, a capital construction project as defined in the Act that is financed with proceeds of Certificates with the same Series designation as the Lease; (c) when the term is used together with a possessive reference to a Sublessee, capital construction project as defined in the Act that is identified as the Project of such Sublessee in a Lease, a Sublease, a Site Lease, the Indenture or other document; and (d) when the term is used in other contexts, all the capital construction projects as defined in the Act financed with proceeds of Certificates.

“Project Account” means an account of the Capital Construction Fund that is to be used to fund a particular Project.

“Project Contract” means the contract or agreement pursuant to which a Contractor performs Work in connection with a Project.

“Property Damage, Defect or Title Event” means one of the following events: (a) any portion of the Leased Property is destroyed or damaged by fire or other casualty, (b) title to, or the temporary or permanent use of, any portion of the Leased Property or the estate of the State or the Trustee in any portion of the Leased Property, is taken under the exercise of the power of eminent domain by any governmental body or by any Person acting under governmental authority, (c) a breach of warranty or any material defect with respect to any portion of the Leased Property becomes apparent or (d) title to or the use of any portion of the Leased Property is lost by reason of a defect in the title thereto.

“Proportionate Share” means (a) when the term is used to refer to a Sublessee’s share of an amount payable (or another amount to be allocated among Sublessees) pursuant to a particular Lease, the share determined by multiplying the total amount by a fraction, the numerator of which is the costs of the Sublessee’s Project financed with the proceeds of Certificates or Allocated Investment Earnings from Project Accounts with the same Series designation as such Lease and the denominator of which is the sum of the costs all Sublessees’ Projects financed with the proceeds of Certificates or Allocated Investment Earnings from Project Accounts with the same Series designation as such Lease; and (b) when the term is used to refer to a Sublessee’s share of the sum of all amounts payable (or all other amounts to be allocated among Sublessees) pursuant to all the Leases for a particular category of cost or expense (or for a particular purpose), the share determined by multiplying the sum of all such amounts by a fraction, the numerator of which is the costs of the Sublessee’s Project financed with the proceeds of Certificates and Allocated Investment Earnings and the denominator of which is sum of the costs

all Sublessees' Projects financed with the proceeds of all Certificates and Allocated Investment Earnings.

"Purchase Option Account" means the special account of the Certificate Fund established and designated as such by Section 3.01 of the Master Indenture.

"Qualified School Construction Certificate" means any Certificate of any Series of Certificates designated as Qualified School Construction Certificates in the Supplemental Indenture authorizing the issuance of the Series of Certificates of which such Certificate is a part.

"Rating Agency" means S&P, but only if S&P then maintains a rating on any Outstanding Certificates at the request of the State, and Moody's, but only if Moody's then maintains a rating on any Outstanding Certificates at the request of the State.

"Rebate Fund" means the special fund created by Section 3.04 of the Master Indenture.

"Record Date" means, (a) with respect to each Interest Payment Date that occurs on the first day of a calendar month, the fifteenth day of the immediately preceding calendar month (whether or not a Business Day); and (b) with respect to each Interest Payment Date that occurs a day other than the first day of a calendar month, the first day of the month (whether or not a Business Day) in which the Interest Payment Date occurs.

"Renewal Term" means, with respect to each Lease and Sublease, each twelve-month period, commencing on July 1 of each year and ending on June 30 of such year, for which the State renews a Lease Term or a Sublessee renews a Sublease Term after the Initial Term of such Lease or Sublease.

"Rent" means Base Rent and Additional Rent, collectively.

"Requirement of Law" means any federal, state or local statute, indenture, rule or regulation, any judicial or administrative order (including any such consent order), request or judgment, any common law doctrine or theory, any provision or condition of any permit required to be obtained or maintained, or any other binding determination of any governmental authority relating to the ownership or operation of property, including but not limited to any of the foregoing relating to zoning, environmental, health or safety matters.

"S&P" means Standard & Poor's Ratings Services, a division of the McGraw-Hill Companies, Inc., and its successors and assigns.

"Scheduled Lease Term" means the period that begins on the first day of the Initial Term of a Lease and ends on (a) in the case of the 2009A Lease, the date described in Section 3.01(b)(i) of the 2009A Lease and (b) in the case of any other Lease, the date described in any similar provisions of that Lease.

"Scheduled Site Lease Term" means the period that begins on the first day of the Site Lease Term of a Site Lease and ends on (a) in the case of a Site Lease pursuant to which Leased Property is leased to the Trustee that is leased by the State pursuant to the 2009A Lease, the date

described in Section 3.01(a)(i) of such Site Lease and (b) in the case of any other Site Lease, the date described in any similar provision of that Site Lease.

“Scheduled Sublease Term” means the period that begins on the first day of the Initial Term of a Sublease and ends on (a) in the case of Subleases with respect to the Leased Property subject to the 2009A Lease, the date described in Section 3.01(b)(i) of such Sublease and (b) with respect to any other Sublease, the date described in any similar provisions of that Sublease.

“Series” means, (a) when used to refer to any series of Certificates, a series of Certificates authorized by and named in a Supplemental Indenture; and (b) when used to refer to a Lease, Sinking Fund Account or any other term with a series designation, the Lease, Sinking Fund Account or other term identified by a series designation. If the name of more than one Series of Certificates or Sinking Fund Accounts includes the same year and letter, (i) the letter in the Series name for such Series of Certificates or Sinking Fund Account shall be followed by a dash and a number in order to distinguish it from other Series of Certificates or Sinking Fund Accounts with the same year and letter in its name; (ii) references to Certificates by a year and letter shall include all Series of Certificates the name of which includes the same year and letter; and (iii) references to the Lease “with the same Series designation” as a Series of Certificates or Sinking Fund Account shall mean the Lease the name of which includes the same year and letter as such Series of Certificates or Sinking Fund Account.

“Series 2009A Certificates” means the Series of Certificates authorized by the Series 2009A Supplemental Indenture.

“Series 2009A Sinking Fund Account” means the Sinking Fund Account created for the payment of the Series 2009A Certificates by Section 3.02 of the Master Indenture.

“Series 2009A Sinking Fund Principal” means the payments of Base Rent by the State pursuant to the 2009A Lease that are designated and paid as Series 2009A Sinking Fund Principal under the 2009A Lease.

“Series 2009A Supplemental Indenture” means the State of Colorado Building Excellent Schools Today Series 2009A Supplemental Trust Indenture dated as of August ~~12~~, 2009 by the Trustee, as it may be amended or supplemented from time-to-time by a Supplemental Indenture or otherwise.

“Sinking Fund Account” means one of the special accounts of the Certificate Fund established and designated as such by Section 3.01 of the Master Indenture. The name of each Sinking Fund Account shall include the same Series designation as the Series of Qualified School Construction Certificates for which it is established.

“Sinking Fund Principal” means the payments of Base Rent by the State that are designated in the Lease as [Series year, letter and number] Sinking Fund Principal under such Lease.

“Site Lease” means a lease pursuant to which a Sublessee has leased Leased Property to the Trustee, as amended or supplemented from time-to-time. When the term is preceded by a

possessive, it means the Site Lease pursuant to which the particular Sublessee has leased Leased Property to the Trustee.

“*Site Lease Term*” means the period of time during which a Site Lease is in force and effect as set forth in Section 3.01 of each of the Site Leases with respect to the Leased Property that is subject to the 2009A Lease and any similar provision of any other Site Lease.

“*Site Lessor*” means a Sublessee that has leased Leased Property to the Trustee pursuant to a Site Lease in its capacity as lessor under such Site Lease.

“*Special Record Date*” means a special date fixed to determine the names and addresses of Owners of Certificates for purposes of paying defaulted interest in accordance with Section 2.02 of the Master Indenture.

“*Specifications*” means, for each Project, the Specifications attached to the Sublease of the Sublessee for which such Project was financed.

“*State*” means (a) when used with respect to a party to a Sublease, the State of Colorado, acting by and through the State Treasurer and the Assistance Board acting on behalf of the State; (b) when used with respect to a party to a Lease or any other document other than a Sublease, the State of Colorado, acting by and through the State Treasurer; and (c) when used in any other context, the State of Colorado.

“*State Board*” means the State Board of Education created and existing pursuant to section 1 of article IX of the State Constitution.

“*State Expense Fund*” means the special fund created by Section 3.03 of the Master Indenture.

“*State Representative*” means the (a) the State Treasurer; (b) the Deputy State Treasurer; or (c) any other officer or employee of the State authorized by law or by a writing signed by the State Treasurer to act as a State Representative under the Leases, the Indenture, the Site Leases and the Subleases.

“*State’s Purchase Option Price*” means (a) when the term is used to refer to the State’s Purchase Option Price under the 2009A Lease, the amount that the State must pay to purchase the interest of the Trustee in all the Leased Property subject to the 2009A Lease pursuant to Section 8.01 of the 2009A Lease or a portion of the Leased Property subject to the Series 2009A Lease pursuant to Section 8.02 of the 2009A Lease; and (b) when the term is used to refer to the State’s Purchase Option Price under any other Lease, the amount that the State must pay to purchase the interest of the Trustee all the Leased Property subject to such Lease or a portion of the Leased Property subject to such Lease, as applicable, pursuant to any similar provision(s) of that Lease.

“*Stripping*” means the creation of a Principal Strip, Interest Strip and/or Tax Credit Strip from a Certificate pursuant to a Supplemental Indenture.

“*Stripped*” when used with respect to a Certificate means that a Principal Strip, Interest Strip and/or Tax Credit Strip have been created from such Certificate pursuant to a Supplemental Indenture.

“*Stripping Request*” means a request delivered by the Owner of a Certificate to the Trustee to create separate Principal Strips, Interest Strips and/or Tax Credit Strips from such Certificate in accordance with the Series 2009A Supplemental Indenture.

“*Sublease*” means a sublease pursuant to which a Sublessee subleases Leased Property from the State, as amended or supplemented from time-to-time.

“*Sublease Term*” means the period of time during which a Sublease is in force and effect as set forth in Section 3.01 of each of the Subleases with respect to the Leased Property that is subject to the 2009A Lease and any similar provision of any other Sublease.

“*Sublessee*” means (a) when the term is used in or to refer to a particular Sublease, the Participating K-12 Institution that is subleasing the Leased Property subject to the Sublease from the State pursuant to the Sublease; and (b) when the term is used in a Lease, the Indenture or another document, any Participating Institution that is subleasing Leased Property from the State pursuant to a Sublease.

“*Sublessee Representative*” means a Person identified as such in the Sublessee’s Sublease.

“*Sublessee’s Purchase Option Price*” means (a) when the term is used to refer to the Sublessee’s Purchase Option Price under any Sublease with respect to Leased Property subject to the 2009A Lease, the amount that the Sublessee must pay to purchase the interest of the Trustee in all the Leased Property subject to such Sublease following an Event of Default or Event of Nonappropriation under the 2009A Lease pursuant to Section 8.01 of such Sublessee’s Sublease; and (b) when the term is used to refer to the Sublessee’s Purchase Option Price under any Sublease with respect to Leased Property subject to any other Lease, the amount that the Sublessee must pay to purchase the interest of the Trustee in all the Leased Property subject to such Sublease following an Event of Default or Event of Nonappropriation under such Lease pursuant to any similar provision of that Sublease.

“*Supplemental Indenture*” means any indenture supplementing or amending the Indenture that is adopted pursuant to Article VIII of the Master Indenture.

“*Tax Credit*” means the federal tax credit that the Owner of a Qualified School Construction Certificate or a Tax Credit Build America Certificate has the right to claim with respect to such Certificate under the Code.

“*Tax Credit Build America Certificate*” means any Certificate of any Series designated as Tax Credit Build America Certificates in the Supplemental Indenture authorizing the issuance of the Series of Certificates of which such Certificate is a part.

“*Tax Credit Component*” means the right of the Owner of a Tax Credit Build America Certificate or a Qualified School Construction Certificate, or if such Certificate has been

Stripped the Owner of the related Tax Credit Strip, to claim the Tax Credit with respect to such Certificate.

“*Tax Credit Coupon*” means the coupon attached to a Tax Credit Build America Certificate or a Qualified School Construction Certificate evidencing the right to claim a Tax Credit with respect to such Certificate.

“*Tax Credit Strip*” means an instrument evidencing the right to receive the tax credit available to the owner of a Qualified School Construction Certificate or Tax Credit Build America Certificate independently of the right to receive the principal of or the interest on such Qualified School Construction Certificate or Tax Credit Build America Certificate.

“*Tax Exempt Certificate*” means any Certificate of any Series of Certificates designated as Tax Exempt Certificates in the Supplemental Indenture authorizing the issuance of the Series of Certificates of which such Certificate is a part.

“*Tax Treatment Designation*” means the designation assigned to a Series of Certificates in the Supplemental Indenture authorizing the Series of Certificates as Taxable Build America Certificates, Tax Credit Build America Certificates, Taxable No Tax Credit Certificates, Tax Exempt Certificates or Qualified School Construction Certificates.

“*Taxable Build America Certificate*” means any Certificate of any Series of Certificates designated as Taxable Build America Certificates in the Supplemental Indenture authorizing the issuance of the Series of Certificates of which such Certificate is a part.

“*Taxable No Tax Credit Certificate*” means any Certificate of any Series designated as Taxable No Tax Credit Certificates in the Supplemental Indenture authorizing the issuance of the Series of Certificates of which such Certificate is a part.

“*Trust Bank*” means a commercial bank which is authorized to exercise and is exercising trust powers located within or without the State, and also means any branch of the Federal Reserve Bank.

“*Trust Estate*” means the property placed in trust by the Trustee pursuant to Section 1.01 of the Master Indenture.

“*Trustee*” means Zions First National Bank, acting in the capacity of trustee pursuant to the Indenture, and any successor thereto appointed under the Indenture.

“*Trustee Representative*” means any officer of the Trustee; and any other person or persons designated to act on behalf of the Trustee under the Leases, the Indenture, the Site Leases and the Subleases by a written certificate furnished to the State Treasurer containing the specimen signature of such person and signed on behalf of the Trustee by any officer of the Trustee. The identity of the Trustee Representative may be changed by the Trustee from time to time by furnishing a new certificate to the State Treasurer.

“*2009A Lease*” means the State of Colorado Building Excellent Schools Today Series 2009A Lease Purchase Agreement dated as of August ~~12~~, 2009 between the Trustee and the State, as amended or supplemented from time to time.

“*2009A Leased Property*” means the Leased Property subject to the 2009A Lease.

“*2009A Participating K-12 Institutions*” means Alamosa School District Re-11J, Sangre De Cristo School District Re-22J and Sargent School District Re-33J.

“*2009A Project Accounts*” means the Project Accounts into which proceeds of the Series 2009A Certificates are deposited.

“*2009A Projects*” means the Projects financed with proceeds of the Series 2009A Certificates.

“*2009A Site Leases*” means the Site Leases between the Trustee and the 2009A Participating K-12 Institutions as Site Lessors, as amended or supplemented from time to time.

“*2009A Subleases*” means the Subleases between the State and the 2009A Sublessees as Sublessees, as amended or supplemented from time to time.

“*2009A Sublessees*” means the 2009A Participating K-12 Institutions in their capacities as Sublessees under the 2009A Subleases.

“*Unexpended Proceeds Redemption*” means any redemption of Certificates of a Series of Qualified School Construction Certificates, pursuant to the applicable redemption provisions of a Supplemental Indenture, as a result of the failure to expend the Available Project Proceeds within the Available Project Proceeds Expenditure Period.

“*Work*” for each Project is defined in the Sublease of the Sublessee for which such Project was financed.

After recording return to:
Michael R. Johnson
Kutak Rock LLP
1801 California Street, Suite 3100
Denver, Colorado 80202

FORM OF
STATE OF COLORADO
BUILDING EXCELLENT SCHOOLS TODAY
SERIES 2009A SUPPLEMENTAL TRUST INDENTURE

by

ZIONS FIRST NATIONAL BANK,
as Trustee

authorizing

State of Colorado
Building Excellent Schools Today
Certificates of Participation
Qualified School Construction ~~Certificates~~ Series 2009A

Dated as of August 12, 2009

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**STATE OF COLORADO
BUILDING EXCELLENT SCHOOLS TODAY
SERIES 2009A SUPPLEMENTAL TRUST INDENTURE**

This State of Colorado Building Excellent Schools Today Series 2009A Supplemental Trust Indenture (this “Series 2009A Supplemental Indenture”) is dated as of August 12, 2009, and is executed and delivered by Zions First National Bank, a national banking association duly organized and validly existing under the laws of the United States, as trustee for the benefit of the Owners of the Certificates (the “Trustee”). *Capitalized terms used but not defined herein have the meanings assigned to them in the Glossary attached to the State of Colorado Building Excellent Schools Today Master Trust Indenture dated as of August 12, 2009, as such Glossary is amended, supplemented and restated from time to time.*

RECITALS

The Master Indenture has been executed and delivered to provide for the issuance and payment of and security for Certificates. This Series 2009A Supplemental Indenture is a Supplemental Indenture and is being executed to provide additional terms applicable to the Series 2009A Certificates.

AGREEMENT

The Trustee hereby declares for the benefit of the Owners as follows:

Article I

AUTHORIZATION AND TERMS OF SERIES 2009A CERTIFICATES

Section 1.01. Authorization and Name. The following Series 2009A Certificates shall be executed and delivered pursuant to this Series 2009A Supplemental Indenture: State of Colorado Building Excellent Schools Today Certificates of Participation, Qualified School Construction Series 2009A.

Section 1.02. Principal Amounts, Dated Dates, Maturity Dates and Interest.

(a) The Series 2009A Certificates are hereby designated as Qualified School Construction Certificates.

(b) The aggregate principal amount of the Series 2009A Certificates shall be \$87,145,000.

(c) The Authorized Denominations of the Series 2009A Certificates are \$40,000 and any integral multiple thereof, provided that one Series 2009A Certificate may be in a smaller denomination to the extent that aggregate principal amount of the Series 2009A Certificates exceed \$40,000 and any integral multiple thereof.

(d) The Series 2009A Certificates executed and delivered on the date the Series 2009A Certificates are first executed and delivered shall be dated the date they are originally executed and delivered. Any Series 2009A Certificate executed and delivered upon transfer and exchange of another Series 2009A Certificate shall be dated as of its date of authentication.

(e) The Series 2009A Certificates shall mature on March 15, 2024 and shall not bear interest.

Section 1.03. Event of Default or Event of Nonappropriation Redemption.

(a) The Series 2009A Certificates shall be redeemed in whole, at a redemption price determined pursuant to subsection (b) of this Section, on any date, upon the occurrence of an Event of Default or Event of Nonappropriation under any Lease.

(b) The redemption price for any redemption pursuant to this Section shall be the lesser of (i) the principal amount of the Series 2009A Certificates; or (ii) the sum of (A) available moneys, if any, in the funds and accounts created under the Master Indenture (except the Rebate Fund and any defeasance escrow accounts established pursuant to Section 9.01 of the Master Indenture) and (B) the amount, if any, received by the Trustee from the exercise of remedies under the Indenture and the Leases. If more than one Series of Certificates is subject to redemption upon the occurrence of an Event of Default or Event of Nonappropriation under any Lease under any similar provision of any other Supplemental Indenture, the amounts available to pay the redemption price shall be allocated among the Series 2009A Certificates and such other Series of Certificates in proportion to the principal amount of each such Certificate, provided that available moneys in any Sinking Fund Account shall be allocated only among Qualified School Construction Certificates with the same Series designation as such Sinking Fund Account. Notwithstanding any other provision hereof, the payment of the redemption price of any Certificate pursuant to this Section and any similar provision of any other Supplemental Indenture shall be deemed to be the payment in full of such Certificate and no Owner of any Certificate redeemed pursuant to this Section or any similar provision of any other Supplemental Indenture shall have any right to any payment from the Trustee or the State in excess of such redemption price.

(c) In addition to any other notice required to be given under the Indenture, the Trustee shall, immediately upon obtaining knowledge of the occurrence of an Event of Default or Event of Nonappropriation under any Lease, notify the Owners of the Series 2009A Certificates and all other Series of Certificates that are subject to redemption upon the occurrence of an Event of Default or Event of Nonappropriation under such Lease (i) that such event has occurred and (ii) whether or not the funds then available to it for such purpose are sufficient to pay the redemption price set forth in clause (i) of subsection (b) of this Section or any similar provision of any other Supplemental Indenture. If the funds then available to the Trustee are sufficient to pay the redemption price set forth in clause (i) of subsection (b) of this Section, such redemption price shall be paid as soon as possible. If the funds then available to the Trustee are not sufficient to pay the redemption price set forth in clause (i) of subsection (b) of this Section, the Trustee shall

(A) immediately pay the portion of the redemption price that can be paid from the funds available, net of any funds which, in the judgment of the Trustee, should be set aside to pursue remedies under the Indenture and the Leases and (B) subject to the applicable provisions of the Indenture, immediately begin to exercise and shall diligently pursue all remedies available to it under the Leases in connection with such Event of Default or Event of Nonappropriation. The remainder of the redemption price, if any, shall be paid to the Owners of the Certificates subject to redemption if and when funds become available to the Trustee from the exercise of remedies under the Indenture and the Leases.

Section 1.04. Unexpended Proceeds Redemption. The Series 2009A Certificates shall be redeemed in whole or in part, and if in part in Authorized Denominations by lot, at a redemption price equal to the principal amount of the redeemed Series 2009A Certificates, on a date designated by the State that is no later than 90 days after the third anniversary of the date the Series 2009A Certificates are originally executed and delivered, or, in the event the United States Internal Revenue Service grants an extension of the three year Available Project Proceeds Expenditure Period, on any later date designated by the State that is no later than 90 days after the end of the extended Available Project Proceeds Expenditure Period, in an amount equal to the unexpended Available Project Proceeds of the Series 2009A Certificates held by the Trustee as of the third anniversary of the date the Series 2009A Certificates are originally executed and delivered or, in the event the United States Internal Revenue Service grants an extension of the three year Available Project Proceeds Expenditure Period, the last day of the extended Available Project Proceeds Expenditure Period.

Section 1.05. Form of Certificates. The Series 2009A Certificates shall be in substantially the form set forth in Appendix A hereto, with such changes thereto not inconsistent with the Indenture, as may be necessary or desirable and approved by the State. Although attached as an appendix for the convenience of the reader, Appendix A is an integral part of this Series 2009A Supplemental Indenture and is incorporated herein as if set forth in full in the body hereof.

Section 1.06. Stripping of Series 2009A Certificates.

(a) *Tax Credit Components and Principal Components.* The Owner of each Series 2009A Certificate has the right to claim a Tax Credit on its federal income tax return in accordance with and subject to Sections 54F and 54A of the Code (the Tax Credit Component of such Series 2009A Certificate). The other rights of the Owner of such Series 2009A Certificate, including the right to payment of the principal of such Series 2009A Certificate in accordance with the Indenture and the rights of the Owner of such Series 2009A Certificate under the Indenture based on the principal amount of such Certificate is the Principal Component of such Series 2009A Certificate. Each Series 2009A Certificate will initially be delivered in a form that combines the Tax Credit Component and the Principal Component of such Series 2009A Certificate but with a Tax Credit Coupon attached.

(b) *Stripping.*

(i) *Stripping Request.* Upon receipt by the Trustee of a Stripping Request in the form of Appendix D hereto with respect to a Series 2009A Certificate, the Trustee shall:

(A) assign a new CUSIP number to such Series 2009A Certificate that is distinct from the CUSIP number for such Series 2009A Certificate ~~prior to the delivery of the Stripping Request~~before it is Stripped and insert the new CUSIP number (or confirm that such a CUSIP number has been assigned and inserted) and the date on, and execute, the “Principal Strip Legend” section of such Series 2009A Certificate (the Series 2009A Certificate, as so modified, is referred to as the “Principal Strip”);

(B) assign a CUSIP number to the Tax Credit Coupon attached to such Series 2009A Certificate that is distinct from the CUSIP number for such Series 2009A Certificate ~~prior to the delivery of the Stripping Request~~before it is Stripped and the new CUSIP number assigned to the Principal Strip subparagraph (A) above and insert the new CUSIP number (or confirm that such a CUSIP number has been assigned and inserted) on the Tax Credit Coupon under “CUSIP number of Tax Credit Strip” (the Tax Credit Coupon, as so modified, is referred to as the “Tax Credit Strip”) (the creation of the Principal Strip as described in subparagraph (A) above and the Tax Credit Strip as described in this subparagraph is referred to as “Stripping”; a Series 2009A Certificate from which a Principal Strip and a Tax Credit Strip have been created is referred to as having been “Stripped”);

(C) deliver the Principal Strip and the Tax Credit Strip in accordance with the delivery instructions set forth in the Stripping Request; and

(D) register the ownership of the Principal Strip and the Tax Credit Strip in the records for registration and transfer of Certificates maintained by the Trustee pursuant to the Master Indenture.

(ii) *Modification of Stripping Process and form of Stripping Request to Permit Book Entry Registration and Transfer.* The process by which Stripping occurs, the form of the Stripping Request, the Principal Strips and the Tax Credit Strips shall be modified to conform to procedures established by The Depository Trust Company so as to permit the registration and transfer of the Principal Strips and Tax Credit Strips in the book entry records of The Depository Trust Company, including, but not limited to, to accommodate the assignment of separate CUSIP numbers to the Principal Strips and the Tax Credit Strips for each Credit Allowance Date on the date the Series 2009A Certificates are executed and delivered or when the Stripping occurs.

(iii) *Trustee Charges for Stripping.* The Trustee may require the payment, by the Owner of a Series 2009A Certificate, of any reasonable charges, as well as any taxes, transfer fees or other governmental charges required to be paid, with respect to the Stripping of any Series 2009A Certificate.

(c) *Authorized Denominations; Execution, Authentication, Replacement, Registration, Transfer, Exchange, Cancellation and Negotiability of Principal Strips and Tax Credit Strips; Applicability of Redemption Provisions of Master Indenture.* Except as otherwise specifically provided in this Section, (i) the Authorized Denomination of a Principal Strip shall be based on the principal amount of the Principal Strip; (ii) a Tax Credit Strip shall not have a principal amount but instead shall have a notional amount equal to the principal amount of the Series 2009A Certificate from which it was created and such notional amount shall be used in lieu of principal amount in determining the Authorized Denomination of such Tax Credit Strip; (iii) Principal Strips and Tax Credit Strips shall be executed and authenticated, shall be replaced if mutilated, lost, stolen or destroyed and shall be registered, transferred, exchanged and cancelled and shall be negotiable in the same manner as Certificates under Article II of the Master Indenture; (iv) subject to subsection (d) of this Section, the redemption provisions of Article IV of the Master Indenture shall apply to Principal Strips and Tax Credit Strips created from the Stripping, pursuant to this Section, of the Series 2009A Certificate to which such redemption provisions apply in the same manner as they apply to such Series 2009A Certificate; and (v) any such Tax Credit Strip created from the Stripping of a Series 2009A Certificate shall cease to be Outstanding when the related Principal Strip is not Outstanding.

(d) *Allocation of Redemption Price and Use of Money from the Exercise of Remedies under Article VII of the Master Indenture.* Notwithstanding any other provision hereof or of the Master Indenture, the redemption price of Series 2009A Certificates and moneys received from the exercise of remedies under Article VII of the Master Indenture that are to be paid to the Owners of the Series 2009A Certificates (for purposes of this Section, the "Available Money") shall be paid to the Owners of the Principal Strips and the Tax Credit Strips ~~in the proportions and values set forth in Appendix C hereto as follows:~~

(i) to the Owners of the Principal Strips (if there is more than one Owner of Principal Strips, to the Owners of the Principal Strips in proportion to the principal amount of Principal Strips owned by each of them), a portion of the Available Money determined by the following formula:

$$\frac{\text{AM} \times \text{PAVP}}{\text{AM} + \text{PAVP}}$$

Where:

AM = Available Money

PAVP = the percentage shown in Table 2 in Appendix C hereto in the column entitled Principal Maturity Date for the Redemption Date on

which the Available Money is paid (or if paid on a date that does not coincide with a Redemption Date, the percentage determined for such payment date by straight line interpolation between the percentage for the immediately preceding Redemption Date and the immediately succeeding Redemption Date); and

(ii) to the Owners of the Tax Credit Strips evidencing the right to claim the Tax Credit on a particular Credit Allowance Date (if there is more than one Owner of such Tax Credit Strips, to the Owners of such Tax Credit Strips in proportion to the notional amount of such Tax Credit Strips owned by each of them), a portion of the Available Moneys determined by the following formula:

$$\frac{CS \times AM}{PS \times CAVP}$$

Where:

CS = the aggregate amount of Tax Credit shown in Table 1 in Appendix C hereto for the Credit Allowance Date on which the Owner of such Tax Credit Strips is entitled to claim the Tax Credit

AM = Available Money

PS = the aggregate principal amount of the Principal Strips

CAVP = the percentage shown in Table 2 in Appendix C hereto in the column entitled Credit Allowance Date for the Credit Allowance Date for such Tax Credit and the Redemption Date on which the Available Money is paid (or if paid on a date that does not coincide with a Redemption Date, the percentage determined for such payment date by straight line interpolation between the percentage for the immediately preceding Redemption Date and the immediately succeeding Redemption Date).

(e) *Control, Consent Rights and Other Rights of Owners of Series 2009A Certificates.* The rights of the Owner of any Series 2009A Certificate that has been Stripped to direct or request the Trustee to act or refrain from acting, to direct the manner and timing of any action by the Trustee or to control proceedings, to consent to Supplemental Indentures and amendments, changes or modifications of Leases and Site Leases, to take any other action that may be taken by the Owners of a percentage or a majority of the principal amount of Certificates and to receive notices and other information under the Indenture shall be rights of the Owners of the Principal Strips and the Tax Credit Strips shall not participate therein.

Article II

CERTIFICATIONS, REPRESENTATIONS AND AGREEMENTS OF TRUSTEE

The Trustee hereby certifies, represents and agrees that all the certifications, representations and agreements of the Trustee set forth in Section 6.01 of the Master Indenture are true and accurate and makes the same certifications, representations and agreements under this Series 2009A Supplemental Indenture as if set forth in full herein.

Article III

MISCELLANEOUS

Section 3.01. Titles, Headings, Etc. The titles and headings of the articles, sections and subdivisions of this Series 2009A Supplemental Indenture have been inserted for convenience of reference only and shall in no way modify or restrict any of the terms or provisions hereof.

Section 3.02. Interpretation and Construction. This Series 2009A Supplemental Indenture and all terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein to sustain the validity of this Series 2009A Supplemental Indenture. For purposes of this Series 2009A Supplemental Indenture, except as otherwise expressly provided or unless the context otherwise requires:

(a) All references in this Series 2009A Supplemental Indenture to designated “Articles,” “Sections,” “subsections,” “paragraphs,” “clauses” and other subdivisions are to the designated Articles, Sections, subsections, paragraphs, clauses and other subdivisions of this Series 2009A Supplemental Indenture. The words “herein,” “hereof,” “hereto,” “hereby,” “hereunder” and other words of similar import refer to this Series 2009A Supplemental Indenture as a whole and not to any particular Article, Section or other subdivision.

(b) The terms defined in the Glossary have the meanings assigned to them in the Glossary and include the plural as well as the singular.

(c) All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles as in effect from time to time.

(d) The term “money” includes any cash, check, deposit, investment security or other form in which any of the foregoing are held hereunder.

(e) In the computation of a period of time from a specified date to a later specified date, the word “from” means “from and including” and each of the words “to” and “until” means “to but excluding.”

Section 3.03. Legal Description of Land Included in Leased Property Subject to 2009A Lease. The legal description of the land included in the Leased Property subject to the 2009A Lease is set forth in Appendix B hereto. If the land included in the Leased Property

subject to the 2009A Lease is modified pursuant to the terms of the 2009A Lease or other land is substituted for land included in the Leased Property subject to the 2009A Lease pursuant to the terms of the 2009A Lease, the legal description set forth in Appendix B hereto will be amended to describe the land included in the Leased Property subject to the 2009A Lease after such modification or substitution.

Section 3.04. Execution in Counterparts. This Series 2009A Supplemental Indenture may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 3.05. Incorporation of Certain Miscellaneous Provisions of Master Indenture. The provisions of Sections 9.02, 9.03, 9.04, 9.05, 9.06, 9.09, 9.10, 9.11, 9.13 and 9.14 of the Master Indenture shall apply to this Series 2009A Supplemental Indenture as if set forth in full herein.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Trustee has executed this Series 2009A Supplemental Indenture as of the date first above written.

ZIONS FIRST NATIONAL BANK, as Trustee

By _____
Authorized Signatory

[Signature Page to Series 2009A Supplemental Indenture]

STATE OF COLORADO)
) ss.
CITY AND COUNTY OF DENVER)

The foregoing instrument was acknowledged before me this _____ day of August, by
_____ as an authorized signatory of Zions First National
Bank.

WITNESS MY HAND AND OFFICIAL SEAL, the day and year above written.

[SEAL]

Notary Public

My commission expires:

APPENDIX A

FORM OF SERIES 2009A CERTIFICATE

The State of Colorado, acting by and through the State Treasurer, has designated this Certificate as a qualified school construction bond within the meaning of Section 54F of the Internal Revenue Code of 1986, as amended. By accepting this Certificate or a beneficial interest herein, the Owner and any owner of any beneficial interest herein agrees to treat the State's obligation to pay Base Rent under any Lease as indebtedness of the State for federal income tax purposes, including in connection with the preparation of all tax returns.

No. R- _____ \$ _____

STATE OF COLORADO
BUILDING EXCELLENT SCHOOLS TODAY
CERTIFICATES OF PARTICIPATION
QUALIFIED SCHOOL CONSTRUCTION SERIES 2009A

Maturity Date	Tax Credit Rate	Delivery Date	CUSIP
<u>1, 20</u> March <u>15, 2024</u>	<u>7.18%</u>	<u>August 12,</u> 2009	<u>19668QAA3</u>

REGISTERED OWNER: **CEDE & CO.**
Tax Identification Number: 13-2555119

PRINCIPAL SUM: ** _____ DOLLARS**

THIS CERTIFIES THAT the registered owner specified above, or registered assigns, has an undivided interest in rights to receive certain revenues payable by the State of Colorado (the "State") under the State of Colorado Building Excellent Schools Today Series 2009A Lease Purchase Agreement dated as of August 12, 2009 (the "2009A Lease") by and between Zions First National Bank, Denver, Colorado (which bank, under the Indenture, defined below, is referred to as the "Trustee"), as lessor, and the State, acting by and through the State Treasurer, as lessee. The interest of the registered owner of this certificate is secured as provided in the State of Colorado Building Excellent Schools Today Master Trust Indenture (the "Master Indenture"), as supplemented by the State of Colorado Building Excellent Schools Today Series 2009A Supplemental Indenture (the "Series 2009A Supplemental Indenture" and, together with the Master Indenture, the "Indenture"), each dated as of August 12, 2009, by the Trustee, pursuant to which certain rights of the Trustee as lessor under the 2009A Lease and certain rights of the Trustee in the property leased to the State pursuant to the 2009A Lease (as described in the 2009 Lease, the "2009 Leased Property") have been placed in trust for the benefit of the registered owners (the "Owners") of the State of Colorado Building Excellent Schools Today Certificates of Participation Qualified School Construction Series 2009A (the "Series 2009A Certificates") and any additional Series of Certificates issued pursuant to the Indenture (together with the Series 2009A Certificates, the "Certificates") evidencing undivided interests in the right

to receive revenues payable by State under the 2009A Lease or any other Building Excellent Schools Today Lease Purchase Agreement. Capitalized terms used but not defined herein have the meaning assigned to them in the Glossary attached to the Master Indenture.

Payment of Principal

The principal of this Certificate shall be payable to the Owner thereof as shown on the registration records of the Trustee upon maturity or prior redemption thereof and upon presentation and surrender at the Operations Center of the Trustee.

No provision of the Certificates, the Indenture, the 2009A Lease, the 2009A Site Leases or the 2009A Subleases, shall be construed or interpreted (a) to directly or indirectly obligate the State to make any payment in any Fiscal Year in excess of amounts appropriated for such Fiscal Year; (b) as creating a debt or multiple fiscal year direct or indirect debt or other financial obligation whatsoever of the State within the meaning of Article XI, Section 6 or Article X, Section 20 of the Colorado Constitution or any other constitutional or statutory limitation or provision; (c) as a delegation of governmental powers by the State; (d) 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 Colorado Constitution; or (e) 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 Colorado Constitution.

Base Rent and Additional Rent; Termination of Lease

Under the 2009A Lease, the Leased Property has been leased by the Trustee to the State; and the State has agreed, subject to the terms of the 2009A Lease, to pay directly to the Trustee Base Rent in consideration for its right to use the Leased Property, which Base Rent is part of the Trust Estate. In addition to the Base Rent, the State has agreed, subject to the terms of the 2009A Lease, to make certain other payments as Additional Rent with respect to costs and expenses incurred by the State in performing its obligations under the 2009A Lease other than its obligations with respect to Base Rent and the State's Purchase Option Price.

The Lease Term of the 2009A Lease is the Initial Term commencing on the date the 2009A Lease is executed and delivered and ending on June 30 of that Fiscal Year and successive one year Renewal Terms, subject to the provisions described below. The Lease Term of the 2009A Lease shall expire upon the earliest of any of the following events: (a) the last day of the month in which the final Base Rent payment is scheduled to be paid in accordance with the 2009A Lease; (b) June 30 of the Initial Term or June 30 of any Renewal Term during which, in either case, an Event of Nonappropriation has occurred; (c) the purchase of all the Leased Property by the State pursuant to the 2009A Lease; or (d) termination of the 2009A Lease following an Event of Default in accordance the 2009A Lease.

Upon termination of the Lease Term, all unaccrued obligations of the State under the 2009A Lease shall terminate, but all obligations of the State that have accrued thereunder prior to such termination shall continue until they are discharged in full; and if the termination occurs because of the occurrence of an Event of Nonappropriation or an Event of Default, the State's

right to possession of the Leased Property thereunder shall terminate and (i) the State shall, within 90 days, vacate the Leased Property; and (ii) if and to the extent the Colorado General Assembly has appropriated funds for payment of Rent payable during, or with respect to the State's use of the Leased Property during, the period between termination of the Lease Term and the date the Leased Property is vacated pursuant to clause (i), the State shall pay Base Rent to the Trustee and Additional Rent to the Person entitled thereto. If the termination occurs because of the occurrence of an Event of Nonappropriation or an Event of Default, the Trustee will be entitled to exercise certain remedies with respect to the Leased Property.

Redemption of Series 2009A Certificates

~~[INSERT REDEMPTION PROVISIONS FROM BODY OF SUPPLEMENTAL INDENTURE]~~

Event of Default or Event of Nonappropriation Redemption

(a) The Series 2009A Certificates shall be redeemed in whole, at a redemption price determined pursuant to subsection (b) below, on any date, upon the occurrence of an Event of Default or Event of Nonappropriation under any Lease.

(b) The redemption price for any redemption pursuant to this Section shall be the lesser of (i) the principal amount of the Series 2009A Certificates; or (ii) the sum of (A) available moneys, if any, in the funds and accounts created under the Master Indenture (except the Rebate Fund and any defeasance escrow accounts established pursuant to Section 9.01 of the Master Indenture) and (B) the amount, if any, received by the Trustee from the exercise of remedies under the Indenture and the Leases. If more than one Series of Certificates is subject to redemption upon the occurrence of an Event of Default or Event of Nonappropriation under any Lease under any similar provision of any other Supplemental Indenture, the amounts available to pay the redemption price shall be allocated among the Series 2009A Certificates and such other Series of Certificates in proportion to the principal amount of each such Certificate, provided that available moneys in any Sinking Fund Account shall be allocated only among Qualified School Construction Certificates with the same Series designation as such Sinking Fund Account. Notwithstanding any other provision hereof, the payment of the redemption price of any Certificate pursuant to this redemption provision and any similar provision of any other Supplemental Indenture shall be deemed to be the payment in full of such Certificate and no Owner of any Certificate redeemed pursuant to this redemption provision or any similar provision of any other Supplemental Indenture shall have any right to any payment from the Trustee or the State in excess of such redemption price.

(c) In addition to any other notice required to be given under the Indenture, the Trustee shall, immediately upon obtaining knowledge of the occurrence of an Event of Default or Event of Nonappropriation under any Lease, notify the Owners of the Series 2009A Certificates and all other Series of Certificates that are subject to redemption upon the occurrence of an Event of Default or Event of Nonappropriation under such Lease (i) that such event has occurred and (ii) whether or not the funds then available to it for such purpose are sufficient to pay the redemption price set forth in clause (i) of subsection (b)

above or any similar provision of any other Supplemental Indenture. If the funds then available to the Trustee are sufficient to pay the redemption price set forth in clause (i) of subsection (b) above, such redemption price shall be paid as soon as possible. If the funds then available to the Trustee are not sufficient to pay the redemption price set forth in clause (i) of subsection (b) above, the Trustee shall (A) immediately pay the portion of the redemption price that can be paid from the funds available, net of any funds which, in the judgment of the Trustee, should be set aside to pursue remedies under the Indenture and the Leases and (B) subject to the applicable provisions of the Indenture, immediately begin to exercise and shall diligently pursue all remedies available to it under the Leases in connection with such Event of Default or Event of Nonappropriation. The remainder of the redemption price, if any, shall be paid to the Owners of the Certificates subject to redemption if and when funds become available to the Trustee from the exercise of remedies under the Indenture and the Leases.

Unexpended Proceeds Redemption

The Series 2009A Certificates shall be redeemed in whole or in part, and if in part in Authorized Denominations by lot, at a redemption price equal to the principal amount of the redeemed Series 2009A Certificates, on a date designated by the State that is no later than 90 days after the third anniversary of the date the Series 2009A Certificates are originally executed and delivered, or, in the event the United States Internal Revenue Service grants an extension of the three year Available Project Proceeds Expenditure Period, on any later date designated by the State that is no later than 90 days after the end of the extended Available Project Proceeds Expenditure Period, in an amount equal to the unexpended Available Project Proceeds of the Series 2009A Certificates held by the Trustee as of the third anniversary of the date the Series 2009A Certificates are originally executed and delivered or, in the event the United States Internal Revenue Service grants an extension of the three year Available Project Proceeds Expenditure Period, the last day of the extended Available Project Proceeds Expenditure Period.

Notice of Redemption:

Notice of the call for any redemption, identifying the Series 2009A Certificates or portions thereof to be redeemed and specifying the terms of such redemption, shall be given by the Trustee by mailing a copy of the redemption notice by United States first class mail, at least 30 days prior to the date fixed for redemption, and to the Owner of each Certificate to be redeemed at the address shown on the registration books; provided, however, that failure to give such notice by mailing, or any defect therein, shall not affect the validity of any proceedings of any Series 2009A Certificates as to which no such failure has occurred. Any notice mailed as provided in the Indenture shall be conclusively presumed to have been duly given, whether or not the Owner receives the notice. If at the time of mailing of notice of redemption there shall not have been deposited with the Trustee moneys sufficient to redeem all the Series 2009A Certificates called for redemption, which moneys are or will be available for redemption of Series 2009A Certificates, such notice will state that it is conditional upon the deposit of the redemption moneys with the Trustee not later than the redemption date, and such notice shall be of no effect unless such moneys are so deposited.

Supplements to Indenture

The Indenture permits supplements to the Indenture by the Trustee with the approval of the State and the Owners of not less than a majority or, in certain instances, 100% in aggregate principal amount of the Certificates at the time Outstanding, as defined in the Indenture. The Indenture also contains provisions permitting the Trustee to execute supplements to the Indenture with the consent of the State but without the consent of the Owners of the Certificates for certain purposes, including, without limitation, the execution and delivery of additional Series of Certificates.

Amendments of Leases and Site Leases

The Indenture permits amendments to the 2009A Lease or 2009A Site Leases with the approval of the Owners of not less than a majority or, in certain instances, 100% in aggregate principal amount of the Certificates at the time Outstanding, as defined Indenture. The Indenture also contains provisions permitting amendments to the 2009A Lease or 2009A Site Leases without the consent of the Owners of the Certificates for certain purposes, including without limitation, the execution and delivery of additional Series of Certificates.

Additional Certificates

The Master Indenture permits the execution and delivery of Series of Certificates in addition to the Series 2009A Certificates secured by the Trust Estate on parity with the Series 2009A Certificates, without notice to or approval of the owners of the Outstanding Series 2009A Certificates, as directed by the State and upon satisfaction of certain conditions, all as provided in the Master Indenture. If any Certificates in addition to the Series 2009A Certificates are executed and delivered, the 2009A Lease must be amended or an additional Lease shall be entered by the State to include as Leased Property thereunder such additional Leased Property, if any, as may be leased by the State in connection with the execution and delivery of such additional Series of Certificates.

Tax Credit, Principal Strip and Tax Credit Strip

The State has designated this Certificate as a qualified school construction bond within the meaning of Section 54F of the Code. The Owner of this Certificate has the right to claim a Tax Credit on its federal income tax return in accordance with and subject to Sections 54F and 54A of the Code (the Tax Credit Component of this Certificate). The other rights of the Owner of this Certificate, including the right to payment of the principal of this Certificate in accordance with the Indenture and the rights of the Owner of this Certificate under the Indenture based on the principal amount of this Certificate is the Principal Component of this Certificate. This Certificate will initially be delivered in a form that combines the Tax Credit Component and the Principal Component of this Certificate but with a Tax Credit Coupon attached as an Exhibit hereto. In accordance with the Series 2009A Supplemental Indenture, upon receipt by the Trustee of a Stripping Request in the form of Appendix D to the Series 2009A Supplemental Indenture, signed by the Owner of this Certificate and accompanied by this Certificate, this Certificate shall be Stripped to create a separate Tax Credit Strip and Principal Strip, the Owners of each which shall, after such Stripping, have the respective rights described in the Series

2009A Supplemental Indenture, which includes, among other provisions, provisions for the allocation of the redemption price of Series 2009A Certificates and moneys received from the exercise of remedies under Article VII of the Master Indenture between the Owners of Tax Credit Strips and Principal Strips.

THE INDENTURE CONSTITUTES THE CONTRACT BETWEEN THE REGISTERED OWNER OF THIS CERTIFICATE AND THE TRUSTEE. THIS CERTIFICATE IS ONLY EVIDENCE OF SUCH CONTRACT AND, AS SUCH, IS SUBJECT IN ALL RESPECTS TO THE TERMS OF THE INDENTURE, WHICH SUPERSEDES ANY INCONSISTENT STATEMENT IN THIS CERTIFICATE.

This Certificate is issued with the intent that the laws of the State of Colorado shall govern its legality, validity, enforceability and construction.

This Certificate shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Indenture, unless it shall have been manually signed on behalf of the Trustee.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, this Certificate has been executed with the manual signature of an authorized signatory of the Trustee as of the date specified above.

ZIONS FIRST NATIONAL BANK, as Trustee

By _____
Authorized Signatory

[PRINCIPAL STRIP LEGEND]

[If a separate Tax Credit Strip and a separate Principal Strip have been created for this Certificate in accordance with the Series 2009A Supplemental Indenture, the following legend shall be applied to this Certificate to evidence that it is a Principal Strip.]

This is a PRINCIPAL STRIP of one of the State of Colorado Building Excellent Schools Today Certificates of Participation Qualified School Construction Series 2009A described in the Indenture. The Owner this Principal Strip does not have the right to claim a Tax Credit with respect to this Certificate and is not entitled to any of the other rights of the Owner of the Tax Credit Strip created in connection with the Stripping of this Certificate under the Indenture. The undersigned has duly executed this Principal Strip on _____.

Principal Strip CUSIP number: _____ 19668QAB1

ZIONS FIRST NATIONAL BANK, as Trustee

By _____
Authorized Signatory

ASSIGNMENT

(The Trustee may require the payment, by the Owner of any Certificate requesting transfer, of any reasonable charges, as well as any taxes, transfer fees or other governmental charges required to be paid with respect to such transfer.)

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto _____ the within Certificate and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to transfer the within Certificate on the records kept for registration thereof, with full power of substitution in the premises.

Dated: _____

NOTICE: The signature to this Assignment must correspond with the name as written on the face of the within Certificate in every particular, without alteration or enlargement or any change whatsoever.

Signature Guaranteed by a Member of a Medallion Signature Program:

Address of transferee:

Social Security or other tax identification number of transferee:

EXHIBIT 1

TAX CREDIT COUPON

relating to

**STATE OF COLORADO
BUILDING EXCELLENT SCHOOLS TODAY
CERTIFICATES OF PARTICIPATION
QUALIFIED SCHOOL CONSTRUCTION SERIES 2009A**

Notional amount: —\$

Sale Date of Related Certificate	Issuance Date of Related Certificate	Maturity Date of Related Certificate	Applicable Tax Credit Rate	CUSIP No. of Related Certificate before Stripping	CUSIP no. of Related Principal Strip after Stripping
<u> </u> , Jul <u> </u> , 2009	<u> </u> , Aug <u> </u> , 2009	<u> </u> , <u> </u> March 15, <u> </u> 2024	<u> </u> 7.18%	<u> </u> 19 <u> </u> 668Q AA3	19668Q AB1

Credit Allowance Date	CUSIP number of Tax Credit Coupon and Tax Credit Strip (if stripped from Related Certificate)	Credit Allowance Date	CUSIP number of Tax Credit Coupon and Tax Credit Strip (if stripped from Related Certificate)	Credit Allowance Date	CUSIP number of Tax Credit Coupon and Tax Credit Strip (if stripped from Related Certificate)	Credit Allowance Date	CUSIP number of Tax Credit Coupon and Tax Credit Strip (if stripped from Related Certificate)
-		-		9/15/2009	<u>19668Q AC9</u>	12/15/2009	<u>19668Q AD7</u>
3/15/2010	<u>19668Q AE5</u>	6/15/2010	<u>19668Q AF2</u>	9/15/2010	<u>19668Q AG0</u>	12/15/2010	<u>19668Q AH8</u>
3/15/2011	<u>19668Q AJ4</u>	6/15/2011	<u>19668Q AK1</u>	9/15/2011	<u>19668Q AL9</u>	12/15/2011	<u>19668Q AM7</u>
3/15/2012	<u>19668Q AN5</u>	6/15/2012	<u>19668Q AP0</u>	9/15/2012	<u>19668Q AQ8</u>	12/15/2012	<u>19668Q AR6</u>
3/15/2013	<u>19668Q AS4</u>	6/15/2013	<u>19668Q AT2</u>	9/15/2013	<u>19668Q AU9</u>	12/15/2013	<u>19668Q AV7</u>
3/15/2014	<u>19668Q AW5</u>	6/15/2014	<u>19668Q AX3</u>	9/15/2014	<u>19668Q AY1</u>	12/15/2014	<u>19668Q AZ8</u>
3/15/2015	<u>19668Q BA2</u>	6/15/2015	<u>19668Q BB0</u>	9/15/2015	<u>19668Q BC8</u>	12/15/2015	<u>19668Q BD6</u>
3/15/2016	<u>19668Q BE4</u>	6/15/2016	<u>19668Q BF1</u>	9/15/2016	<u>19668Q BG9</u>	12/15/2016	<u>19668Q BH7</u>
3/15/2017	<u>19668Q BJ3</u>	6/15/2017	<u>19668Q BK0</u>	9/15/2017	<u>19668Q BL8</u>	12/15/2017	<u>19668Q BM6</u>
3/15/2018	<u>19668Q BN4</u>	6/15/2018	<u>19668Q BP9</u>	9/15/2018	<u>19668Q BQ7</u>	12/15/2018	<u>19668Q BR5</u>
3/15/2019	<u>19668Q BS3</u>	6/15/2019	<u>19668Q BT1</u>	9/15/2019	<u>19668Q BU8</u>	12/15/2019	<u>19668Q BV6</u>
3/15/2020	<u>19668Q BW4</u>	6/15/2020	<u>19668Q BX2</u>	9/15/2020	<u>19668Q BY0</u>	12/15/2020	<u>19668Q BZ7</u>
3/15/2021	<u>19668Q CA1</u>	6/15/2021	<u>19668Q CB9</u>	9/15/2021	<u>19668Q CC7</u>	12/15/2021	<u>19668Q CD5</u>
3/15/2022	<u>19668Q CE3</u>	6/15/2022	<u>19668Q CF0</u>	9/15/2022	<u>19668Q CG8</u>	12/15/2022	<u>19668Q CH6</u>
3/15/2023	<u>19668Q CJ2</u>	6/15/2023	<u>19668Q CK9</u>	9/15/2023	<u>19668Q CL7</u>	12/15/2023	<u>19668Q CM5</u>
3/15/2024	<u>19668Q CN3</u>	6/15/2024		-		-	
-		-		-		-	

Dated: , August 12, 2009

Registered Owner: **CEDE & CO.**

Tax Identification Number: 13-2555119

Notional Amount of this

Tax Credit Coupon: ** _____ DOLLARS**

THIS CERTIFIES THAT the registered owner specified above, or registered assigns, has the right to claim a Tax Credit on its federal income tax return in accordance with and subject to Sections 54F and 54A of the Code with respect to the State of Colorado Building Excellent Schools Today Certificates of Participation Qualified School Construction Series 2009A identified above (the "Related Certificate"), which has been designated as a qualified school construction bond pursuant to Section 54F of the Code ~~by the State~~. Capitalized terms used but not defined herein have the meaning assigned to them in the Glossary attached to the State of Colorado Building Excellent Schools Today Master Trust Indenture (the "Master Indenture"), as supplemented by the State of Colorado Building Excellent Schools Today Series 2009A Supplemental Indenture (the "Series 2009A Supplemental Indenture" and, together with the Master Indenture, the "Indenture), each dated as of August 12, 2009, by Zions First National Bank, as Trustee.

"Credit Allowance Date" means each March 15, June 15, September 15, and December 15, beginning on the date of issuance of the Related Certificate and ending on the maturity date thereof or such of those dates as are specified in the table on the cover page of this Tax Credit Coupon.

The Owner of this Tax Credit Coupon on the Credit Allowance Dates specified above shall have the right to claim a credit on its federal income tax return in an amount equal to ~~twenty-five percent (25%)~~ of the annual credit determined with respect to the Related ~~Certificates~~Certificate, being the product of: (1a) the applicable tax credit rate set forth above (the "Applicable Rate"), and (2b) the outstanding face amount of the Related Certificate (the "Notional Amount").

The terms of the Related Certificate are incorporated herein by this reference as if set forth in full herein. If the Related Certificate has been Stripped to create a separate Principal Strip and a separate Tax Credit Strip (the Principal Strip created by the Stripping of the Related Certificate is referred to as the "Related Principal Strip"), the Owner of this Tax Credit Coupon shall be the Owner of a Tax Credit Strip of the Related Certificate and shall, after such Stripping, have the rights described in the Series 2009A Supplemental Indenture, which includes, among other provisions, provisions for the allocation of the redemption price of Series 2009A Certificates and moneys received from the exercise of remedies under Article VII of the Master Indenture between the Owners of Tax Credit Strips and Principal Strips.

THE INDENTURE CONSTITUTES THE CONTRACT BETWEEN THE REGISTERED OWNER OF THE RELATED CERTIFICATE ~~AND~~, THIS TAX CREDIT COUPON AND ANY SEPARATE PRINCIPAL STRIP AND TAX CREDIT STRIP CREATED BY THE STRIPPING OF THE RELATED CERTIFICATE, AND THE TRUSTEE. THE RELATED CERTIFICATE ~~AND~~, THIS TAX CREDIT COUPON AND ANY

SEPARATE PRINCIPAL STRIP AND TAX CREDIT STRIP CREATED BY THE STRIPPING OF THE RELATED CERTIFICATE ARE ONLY EVIDENCE OF SUCH CONTRACT AND, AS SUCH, ARE SUBJECT IN ALL RESPECTS TO THE TERMS OF THE INDENTURE, WHICH SUPERSEDES ANY INCONSISTENT STATEMENT IN THE RELATED CERTIFICATE—AND, THIS TAX CREDIT COUPON AND ANY SEPARATE PRINCIPAL STRIP AND TAX CREDIT STRIP CREATED BY THE STRIPPING OF THE RELATED CERTIFICATE.

This Tax Credit Coupon shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Indenture, unless it shall have been manually signed on behalf of the Trustee.

IN WITNESS WHEREOF, this Tax Credit Coupon has been executed with the manual signature of an authorized signatory of the Trustee as of the date specified above.

ZIONS FIRST NATIONAL BANK, as Trustee

By _____
Authorized Signatory

ASSIGNMENT

(The Trustee may require the payment, by the Owner of any Tax Credit Coupon requesting transfer, of any reasonable charges, as well as any taxes, transfer fees or other governmental charges required to be paid with respect to such transfer.)

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto _____ the within Tax Credit Coupon and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to transfer the within Tax Credit Coupon on the records kept for registration thereof, with full power of substitution in the premises.

Dated: _____

NOTICE: The signature to this Assignment must correspond with the name as written on the face of the within Tax Credit Coupon in every particular, without alteration or enlargement or any change whatsoever.

Signature Guaranteed by a Member
of a Medallion Signature Program:

Address of transferee:

Social Security or other
tax identification number of transferee:

APPENDIX B

**LEGAL DESCRIPTION OF LAND INCLUDED IN LEASED PROPERTY SUBJECT TO
THE 2009A LEASE**

1. LAND INCLUDED IN LEASED PROPERTY OF ALAMOSA SCHOOL DISTRICT
RE-11J

A TRACT OF LAND SITUATED IN THE NORTH HALF OF THE SOUTHEAST
QUARTER AND IN THE NORTHEAST QUARTER OF THE SOUTHWEST
QUARTER OF SECTION 9, TOWNSHIP 37 NORTH, RANGE 10 EAST OF THE
NEW MEXICO PRINCIPAL MERIDIAN, BEING A PART OF WASHINGTON
ADDITION TO ALAMOSA, COUNTY OF ALAMOSA, STATE OF COLORADO,
AND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS
FOLLOWS TO-WIT:

CONSIDERING THE LINE BETWEEN THE CENTER QUARTER CORNER AND
THE EAST QUARTER CORNER OF SAID SECTION 9 AS BEARING S89°47'26"E
AND WITH ALL BEARINGS CONTAINED HEREIN RELATIVE THERETO;

COMMENCING AT THE EAST QUARTER CORNER OF SAID SECTION 9;
THENCE S82°35'29"W A DISTANCE OF 2427.60 FEET TO A POINT ON THE
SOUTH RIGHT-OF-WAY LINE FOR WEST 8TH STREET IN ALAMOSA AND THE
TRUE POINT OF BEGINNING;

THENCE S00°12'51"W A DISTANCE OF 395.00 FEET;
THENCE S89°47'09"E A DISTANCE OF 450.00 FEET;
THENCE S00°12'51"W A DISTANCE OF 30.00 FEET;
THENCE S89°47'09"E A DISTANCE OF 270.00 FEET;
THENCE S00°12'51"W A DISTANCE OF 425.00 FEET TO A POINT ON THE
NORTH RIGHT-OF-WAY LINE FOR WEST 10TH STREET;
THENCE N89°47'09"W ALONG THE NORTH RIGHT-OF-WAY LINE FOR WEST
10TH STREET A DISTANCE OF 1710.00 FEET;
THENCE N00°12'51"E A DISTANCE 850.00 FEET TO A POINT ON THE SOUTH
RIGHT-OF-WAY LINE FOR WEST 8TH STREET;
THENCE S89°47'09"E ALONG SAID SOUTH RIGHT-OF-WAY LINE A DISTANCE
OF 990.00 FEET TO THE **TRUE POINT OF BEGINNING.**

2. LAND INCLUDED IN LEASED PROPERTY OF SANGRE DE CRISTO SCHOOL DISTRICT RE-22J

Parcel 2,
FRYE DIVISION OF LAND NO. 1, according to the Plat thereof
recorded May 11, 2009 at Reception No. 338506,
County of Alamosa,
State of Colorado.

3. LAND INCLUDED IN LEASED PROPERTY OF SARGENT SCHOOL DISTRICT RE-33J

A TRACT OF LAND SITUATED IN THE SOUTHWEST QUARTER OF SECTION 28, TOWNSHIP 40 NORTH, RANGE 8 EAST, NEW MEXICO PRINCIPAL MERIDIAN, RIO GRANDE COUNTY, COLORADO, AND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS TO-WIT:

CONSIDERING THE WEST LINE OF THE SOUTHWEST QUARTER OF SAID SECTION 28 AS BEARING N00°12'30"E AND WITH ALL BEARINGS CONTAINED HEREIN RELATIVE THERETO:

COMMENCING AT THE SOUTHWEST CORNER OF SAID SECTION 28; THENCE N28°46'48"E A DISTANCE OF 416.98 FEET TO THE TRUE POINT OF BEGINNING;

THENCE NORTH 79.67 FEET;
THENCE EAST 40.62 FEET;
THENCE NORTH 113.75 FEET;
THENCE WEST 107.50 FEET;
THENCE NORTH 26.58 FEET;
THENCE WEST 15.92 FEET;
THENCE NORTH 30.60 FEET;
THENCE EAST 15.97 FEET;
THENCE NORTH 28.58 FEET;
THENCE EAST 246.62 FEET;
THENCE SOUTH 85.77 FEET;
THENCE WEST 13.79 FEET;
THENCE SOUTH 58.08 FEET;
THENCE EAST 13.33 FEET;
THENCE SOUTH 150.00 FEET;
THENCE WEST 80.21 FEET;
THENCE NORTH 14.67 FEET;
THENCE WEST 99.12 FEET TO THE TRUE POINT OF BEGINNING;

AND THE FOLLOWING PARCEL MORE PARTICULARLY DESCRIBED AS FOLLOWS:

A PARCEL SITUATED IN THE SOUTHWEST QUARTER OF SECTION 28, TOWNSHIP 40 NORTH, RANGE 8 EAST, NEW MEXICO PRINCIPAL MERIDIAN, RIO GRANDE COUNTY, COLORADO, AND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS TO-WIT:

CONSIDERING THE WEST LINE OF THE SOUTHWEST QUARTER OF SAID SECTION 28 AS BEARING N00°12'30"E AND WITH ALL BEARINGS CONTAINED HEREIN RELATIVE THERETO:

COMMENCING AT THE SOUTHWEST CORNER OF SAID SECTION 28:
THENCE N03°08'22"E A DISTANCE OF 586.66 FEET TO A POINT ON THE EAST RIGHT-
OF-WAY LINE FOR COUNTY ROAD 2 EAST AND THE **TRUE POINT OF BEGINNING**:

THENCE N00°12'30"E ALONG THE EAST RIGHT-OF-WAY LINE FOR SAID COUNTY
ROAD 2 EAST A DISTANCE OF 30.60 FEET;
THENCE S89°47'30"E A DISTANCE OF 85.71 FEET;
THENCE SOUTH 30.60 FEET;
THENCE N89°47'30"W A DISTANCE OF 85.82 FEET TO THE **TRUE POINT OF**
BEGINNING.

LEGAL DESCRIPTION PREPARED BY:
REYNOLDS ENGINEERING COMPANY
MARTIN REYNOLDS, PLS #23847

APPENDIX C

TABLE OF REDEMPTION VALUES

\$87,145,000
State Of Colorado
Building Excellent Schools Today
Certificates Of Participation
Qualified School Construction, Series 2009A

Table 1 - Tax Credit Payment Schedule

Payment Date	Principal	Tax Credit Rate (%)	Credit Amount
8/12/2009			-
9/15/2009			\$573,559.34
12/15/2009			1,564,252.75
3/15/2010			1,564,252.75
6/15/2010			1,564,252.75
9/15/2010			1,564,252.75
12/15/2010			1,564,252.75
3/15/2011			1,564,252.75
6/15/2011			1,564,252.75
9/15/2011			1,564,252.75
12/15/2011			1,564,252.75
3/15/2012			1,564,252.75
6/15/2012			1,564,252.75
9/15/2012			1,564,252.75
12/15/2012			1,564,252.75
3/15/2013			1,564,252.75
6/15/2013			1,564,252.75
9/15/2013			1,564,252.75
12/15/2013			1,564,252.75
3/15/2014			1,564,252.75
6/15/2014			1,564,252.75
9/15/2014			1,564,252.75
12/15/2014			1,564,252.75
3/15/2015			1,564,252.75
6/15/2015			1,564,252.75
9/15/2015			1,564,252.75
12/15/2015			1,564,252.75
3/15/2016			1,564,252.75
6/15/2016			1,564,252.75
9/15/2016			1,564,252.75
12/15/2016			1,564,252.75
3/15/2017			1,564,252.75
6/15/2017			1,564,252.75
9/15/2017			1,564,252.75
12/15/2017			1,564,252.75
3/15/2018			1,564,252.75
6/15/2018			1,564,252.75
9/15/2018			1,564,252.75
12/15/2018			1,564,252.75
3/15/2019			1,564,252.75
6/15/2019			1,564,252.75
9/15/2019			1,564,252.75
12/15/2019			1,564,252.75
3/15/2020			1,564,252.75
6/15/2020			1,564,252.75
9/15/2020			1,564,252.75
12/15/2020			1,564,252.75
3/15/2021			1,564,252.75
6/15/2021			1,564,252.75
9/15/2021			1,564,252.75
12/15/2021			1,564,252.75
3/15/2022			1,564,252.75
6/15/2022			1,564,252.75
9/15/2022			1,564,252.75
12/15/2022			1,564,252.75
3/15/2023			1,564,252.75
6/15/2023			1,564,252.75
9/15/2023			1,564,252.75
12/15/2023			1,564,252.75
3/15/2024	\$87,145,000	7.180%	1,564,252.75
TOTAL	\$87,145,000		91,300,218.84

APPENDIX D

FORM OF STRIPPING REQUEST

Zions First National Bank
1001 Seventeenth Street, Suite 1050
Denver, Colorado 80202
Attention: Corporate Trust Services

State of Colorado
Building Excellent Schools Today
Certificates of Participation
Qualified School Construction Series 2009A

Ladies and Gentlemen:

The undersigned is the Owner of the State of Colorado Building Excellent Schools Today Certificates of Participation Qualified School Construction Series 2009A identified below (the "Certificate to be Stripped"). Capitalized terms used but not defined herein have the meanings assigned to them in Master Trust Indenture dated as of August ~~12~~, 2009 by Zions First National Bank, as trustee. In accordance with Section 1.06 of the Series 2009A Supplemental Indenture, the undersigned hereby requests that the Trustee:

(a) assign a new CUSIP number to the Certificate to be Stripped that is distinct from the CUSIP number for the Certificate to be Stripped ~~prior to the delivery of this Stripping Request~~ before it is Stripped and insert the new CUSIP number (or confirm that such a CUSIP number has been assigned and inserted) and the date on, and execute, the "Principal Strip Legend" section of the Certificate to be Stripped (the Certificate to be Stripped, as so modified, is referred to as the "Principal Strip");

(b) assign a CUSIP number to such Tax Credit Coupon that is distinct from the CUSIP number for the Certificate to be Stripped ~~prior to the delivery of this Stripping Request~~ before it is Stripped, and the new CUSIP number assigned to the Principal Strip paragraph (a) above and insert the new CUSIP number (or confirm that such a CUSIP number has been assigned or inserted) on the Tax Credit Coupon under "CUSIP number of Tax Credit Strip" (the Tax Credit Coupon, as so modified, is referred to as the "Tax Credit Strip");

(c) deliver the Principal Strip and the Tax Credit Strip in accordance with the delivery instructions set forth below; and

(d) register the ownership of the Principal Strip and the Tax Credit Strip in the records for registration and transfer of Certificates maintained by the Trustee pursuant to the Master Indenture.

The undersigned agrees that the Trustee may require the payment, by the Owner of the Certificate to be Stripped, of any reasonable charges, as well as any taxes, transfer fees or other

governmental charges required to be paid with respect to the Stripping of the Certificate to be Stripped.

The below signature of the Owner of the Certificate to be Stripped must correspond with the name in which the Certificate to be Stripped is registered on the records maintained by the Trustee pursuant to the Master Indenture for the registration and transfer of the Certificates.

Certificate to be Stripped CUSIP number: _____

Certificate to be Stripped principal amount: _____

Delivery instructions for Principal Strip: _____

Delivery instructions for Tax Credit Strip: _____

DATE OF STRIPPING REQUEST:

SIGNATURE OF OWNER OF CERTIFICATE
TO BE STRIPPED:

By _____

SOCIAL SECURITY OR TAX
IDENTIFICATION NUMBER OF OWNER OF
CERTIFICATE TO BE STRIPPED:

SIGNATURE GUARANTEED BY MEMBER
OF A SIGNATURE MEDALLION
SIGNATURE PROGRAM:

After recording return to:
Michael R. Johnson
Kutak Rock LLP
1801 California Street, Suite 3100
Denver, Colorado 80202

FORM OF
STATE OF COLORADO
BUILDING EXCELLENT SCHOOLS TODAY
SERIES 2009A LEASE PURCHASE AGREEMENT

by and between

ZIONS FIRST NATIONAL BANK,
solely in its capacity as Trustee under the Indenture identified herein,
as lessor

and

STATE OF COLORADO,
acting by and through the State Treasurer,
as lessee

Dated as of August 12, 2009

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**STATE OF COLORADO
BUILDING EXCELLENT SCHOOLS TODAY
SERIES 2009A LEASE PURCHASE AGREEMENT**

This State of Colorado Building Excellent Schools Today Series 2009A Lease Purchase Agreement (this "Lease") is dated as of August —,12, 2009 and is entered into by and between Zions First National Bank, a national banking association duly organized and validly existing under the laws of the United States, solely in its capacity as trustee under the Indenture (the "Trustee"), as lessor, and the State of Colorado, acting by and through the State Treasurer (the "State"), as lessee. *Capitalized terms used but not defined in this Lease have the meanings assigned to them in the Glossary attached to the State of Colorado Building Excellent Schools Today Master Trust Indenture dated August —,12, 2009, as such Glossary may be amended, supplemented and restated from time to time.*

RECITALS

A. The State Treasurer, on behalf of the State and on the instructions of the Assistance Board, is authorized by the Act (a) to enter into one or more Building Excellent Schools Today Lease Purchase Agreements with a commercial bank as trustee to finance Projects for Eligible K-12 Institutions that are recommended by the Assistance Board and approved by the State Board for financing under the Act and (b) to enter into a Sublease with each such Eligible K-12 Institution, in its capacity as Sublessee, to sublease the Leased Property improved by its Project to such Sublessee. Each Participating K-12 Institution is an Eligible K-12 Institution and is authorized under title 22, C.R.S., to enter into a Site Lease and a Sublease with respect to the Participating K-12 Institution's Leased Property.

B The Assistance Board has recommended and the State Board has approved the financing of the 2009A Projects for the 2009A Participating K-12 Institutions under the Act. The Assistance Board has instructed the State Treasurer to enter into a Building Excellent Schools Today Lease Purchase Agreement on behalf of the State to finance the 2009A Projects for the 2009A Participating K-12 Institutions and to enter into a Sublease with each 2009A Participating K-12 Institution with respect to its Leased Property.

C. The Leased Property of each Participating K-12 Institution will be leased to the Trustee pursuant to the Participating K-12 Institution's Site Lease. All the Leased Property will be leased to State Treasurer, acting on behalf of the State, pursuant to this Lease, which is a Building Excellent Schools Today Lease Purchase Agreement, with the Trustee, which is a commercial bank.

D. Certificates will be issued pursuant to the Indenture. Proceeds of the Certificates will be used pursuant to the terms of the Indenture to finance all or a portion of the Costs of the Project of the Participating K-12 Institutions and other Participating K-12 Institutions identified in other Building Excellent Schools Today Lease Purchase Agreements. The first Series of Certificates issued pursuant to the Indenture are the Series 2009A Certificates, the proceeds of which will be used to finance the 2009A Projects of the 2009A Participating K-12 Institutions.

AGREEMENT

For and in consideration of the mutual covenants and the representations, covenants and warranties herein contained, the parties hereto hereby agree as follows:

ARTICLE I

CERTIFICATIONS, REPRESENTATIONS AND AGREEMENTS

Section 1.01. Representations, Covenants and Warranties by Trustee. The Trustee hereby certifies, represents and agrees that all the certifications, representations and agreements of the Trustee set forth in Section 6.01 of the Master Indenture are true and accurate and makes the same certifications, representations and agreements under this Lease as if set forth in full herein.

Section 1.02. Certifications, Representations and Agreements by State. The State certifies, represents and agrees that:

(a) Each Participating K-12 Institution is an Eligible K-12 Institution. Each Project is a capital construction project as defined in the Act.

(b) The Assistance Board has recommended, and the State Board has approved, the provision of financial assistance as defined in the Act, to each Participating K-12 Institution for its Project in accordance with the Act. This Lease is a Building Excellent Schools Today Lease Purchase Agreement that is being entered into by the State Treasurer on behalf of the State pursuant to instructions from the Assistance Board to the State Treasurer in order to provide financial assistance as defined in the Act to each Participating K-12 Institution for its Project approved by the Assistance Board and the State Board in the amount approved by the Assistance Board, all in accordance with the Act.

(c) Each Participating K-12 Institution is providing Matching Moneys in the amount approved by the Assistance Board for the financial assistance provided to it pursuant to this Lease in the form of a Matching Moneys Bond delivered to the State, the payments on which will be credited to the Assistance Fund.

(d) The maximum total amount of annual lease payments payable by the State during any Fiscal Year under this Lease and all other outstanding Building Excellent Schools Today Lease Purchase Agreements is less than the maximum total amount of annual lease payments set forth below. If the maximum total amount of annual lease payments of principal or interest payable by the State during any Fiscal Year under this Lease and all other outstanding Building Excellent Schools Today Lease Purchase Agreements is greater than one-half of the maximum amount of annual lease purchase agreements set forth below, the aggregate amount of Matching Moneys expected to be credited to the Assistance Fund pursuant to §§ 22-43.7-110(2)(c) and 22-43.7-104(2)(b)(IV) of the Act and any interest or income derived from the deposit and investment of the Matching Moneys is at least equal to the annual amount of lease payments of principal and interest payable by the State during any Fiscal Year under this

Lease and all other outstanding Building Excellent Schools Today Lease Purchase Agreements that exceed one-half of the maximum total amount of annual lease payments set forth below. The maximum total amount of annual lease payments referenced above are:

- (i) \$20 million for the 2008-09 Fiscal Year;
- (ii) \$40 million for the 2009-2010 Fiscal Year;
- (iii) \$60 million for the 2010-2011 Fiscal Year; and
- (iv) \$80 million for the 2011-12 Fiscal Year and for each Fiscal Year thereafter.

(e) The State will not enter into any Building Excellent Schools Today Lease Purchase Agreements that will cause the maximum total amount of annual lease payments payable by the State during any Fiscal Year under this Lease and all other outstanding Building Excellent Schools Today Lease Purchase Agreements to exceed the amounts permitted under paragraph (d) of this Section unless the Act is amended to permit larger amounts, in which case such amounts may be increased to the larger amounts permitted by the Act as amended.

(f) The State has agreed in Section 5.01(e) hereof to cause any Federal Direct Payments with respect to the interest component of Base Rent to be paid directly to the Trustee for deposit into the Interest Account of the Certificate Fund. Pursuant to the Indenture, moneys in the Interest Account of the Certificate Fund are irrevocably pledged to the payment of interest on the Certificates for purposes of C.R.S. § 11-59.7-105(4). Accordingly, any Federal Direct Payments expected to be received with respect to the interest component of Base Rent shall be netted against and shall reduce the annual lease payments of the State for purposes of subsections (d) and (e) of this Section and § 22-43.7-110(2) of the Act.

(g) The State Treasurer has provided written notice to the Joint Budget Committee of the Colorado General Assembly that the State Treasurer has determined that the use of interest or income on the deposit and investment of moneys in the State Public School Fund to make lease payments under a lease purchase agreement entered into pursuant to § 24-43.7-110(2) of the Act will prevent the interest component of the lease payments from qualifying for exemption from federal income taxation. The State Treasurer has not rescinded such determination.

(h) This Lease, the financial assistance to Participating K-12 Institutions pursuant to this Lease and the financing pursuant to this Lease and the Series 2009A Certificates comply with the applicable provisions of the Act.

(i) The State is authorized under the Act to lease the Leased Property from the Trustee and to execute, deliver and perform its obligations under this Lease.

(j) The State has received all approvals and consents required for the State's execution, delivery and performance of its obligations under this Lease and for the financing of the Projects pursuant to this Lease and the Indenture.

(k) This Lease has been duly executed and delivered by the State and is valid and binding obligation enforceable against the State in accordance with its terms, limited only by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, by equitable principles, whether considered at law or in equity, by the exercise by the State and its governmental bodies of the police power inherent in the sovereignty of the State and by the exercise by the United States of America of the powers delegated to it by the Constitution of the United States of America.

(l) The execution, delivery and performance of this Lease by the State does not and will not conflict with or result in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which the State is now a party or by which the State is bound, or constitute a default under any of the foregoing, violate any Requirement of Law applicable to the State or, except as specifically provided in this Lease, the Indenture, the Subleases, the Site Leases, result in the creation or imposition of a lien or encumbrance whatsoever upon any of the property or assets of the State.

(m) There is no litigation or proceeding pending or threatened against the State or any other Person affecting the right of the State to execute, deliver or perform the obligations of the State under this Lease.

(n) The Participating K-12 Institutions are political subdivisions of the State and benefits received by the Participating K-12 Institutions by the leasing of the Leased Property by the State pursuant to this Lease accrue to the State. The Participating K-12 Institutions and the State will receive economic and other benefits by the leasing of the Leased Property by the State pursuant to this Lease. The initial Leased Property is, and any Leased Property substituted for the initial Leased Property will be, property that is necessary and essential to the purposes and operations of the Participating K-12 Institutions and the State. The State expects that the Leased Property will adequately serve the needs for which it is being leased throughout the Scheduled Lease Term.

(o) The Rent payable in each Fiscal Year during the Lease Term is not more than the fair value of the use of the Leased Property during such Fiscal Year. The Rent payable in any Fiscal Year during the Lease Term does not exceed a reasonable amount so as to place the State under an economic compulsion to take any of the following actions in order to avoid forfeiting such excess (i) to continue this Lease beyond such Fiscal Year, (ii) not to exercise its right to terminate this Lease at any time through an Event of Nonappropriation or (iii) to exercise any of its options to purchase the Leased Property hereunder. The State's Purchase Option Price for the Leased Property pursuant to Section 8.01 hereof is the State's best estimate of the fair purchase price of such Leased Property at the time of exercise of the State's option to purchase such Leased Property by paying the State's Purchase Option Price. The Scheduled Lease Term and the final maturity of the Series 2009A Certificates do not exceed the weighted average

useful life of the real property improvements included in the Leased Property. In making the representations, covenants and warranties set forth above in this subsection, the State has given due consideration to the Projects, the purposes for which the Leased Property will be used by the State and the Sublessees, the benefits to the State and the Sublessees from the use of the Leased Property, the State's options to purchase the Leased Property hereunder and the terms of this Lease governing the use of the Leased Property.

(p) The State presently intends and expects to continue this Lease annually until title to the Leased Property is acquired by the State pursuant to this Lease; but this representation does not obligate or otherwise bind the State.

(q) The State is not aware of any current violation of any Requirement of Law relating to the Leased Property.

(r) The State has appropriated sufficient moneys in the Assistance Fund to pay (i) the Base Rent payable in the current Fiscal Year; and (ii) the Additional Rent estimated to be payable in the current Fiscal Year that it does not expect to pay from the State Expense Fund.

(s) The certifications, representation and agreements set forth in the tax compliance certificate executed by the State in connection with the issuance of the Series 2009A Certificates are hereby incorporated in the Lease as if set forth in full in this subsection.

~~(t) The State used a competitive bidding process soliciting at least three bids prior to awarding to the Trustee the roles of site lessee under the Site Leases, lessor under this Lease, and trustee under the Indenture and, consequently, this Lease, the Site Leases and the Indenture are not "sole source contracts" as defined in Article XXVIII of the State Constitution.~~

ARTICLE II

DEMISING CLAUSE; ENJOYMENT OF LEASED PROPERTY

Section 2.01. Demising Clause. The Trustee demises and leases the Trustee's leasehold estate under the Site Leases in the land described in Exhibit A hereto (the "Land" for purposes of this Lease) and the buildings, structures and improvements now and hereafter located on the Land (together with the Land, the "Leased Property" for purposes of this Lease) to the State in accordance with the terms of this Lease, subject only to Permitted Encumbrances, to have and to hold for the Lease Term.

Section 2.02. Enjoyment of Leased Property. The Trustee covenants that, during the Lease Term and so long as no Event of Default hereunder shall have occurred, the State shall peaceably and quietly have, hold and enjoy the Leased Property without suit, trouble or hindrance from the Trustee, except as expressly required or permitted by this Lease.

ARTICLE III

LEASE TERM; TERMINATION OF LEASE

Section 3.01. Lease Term.

(a) The Lease Term is the Initial Term and successive one-year Renewal Terms, subject to subsection (b) of this Section.

(b) The Lease Term shall expire upon the earliest of any of the following events:

(i) the last day of the month in which the final Base Rent payment is scheduled to be paid in accordance with Exhibit B hereto;

(ii) June 30 of the Initial Term or June 30 of any Renewal Term during which, in either case, an Event of Nonappropriation has occurred;

(iii) the purchase of all the Leased Property by the State pursuant to Section 8.01 hereof; or

(iv) termination of this Lease following an Event of Default in accordance with Section 11.02(a) hereof.

Section 3.02. Effect of Termination of Lease Term. Upon termination of the Lease Term:

(a) all unaccrued obligations of the State hereunder shall terminate, but all obligations of the State that have accrued hereunder prior to such termination shall continue until they are discharged in full; and

(b) if the termination occurs because of the occurrence of an Event of Nonappropriation or an Event of Default, the State's right to possession of the Leased Property hereunder shall terminate and (i) the State shall, within 90 days, vacate the Leased Property; and (ii) if and to the extent the Colorado General Assembly has appropriated funds for payment of Rent payable during, or with respect to the State's use of the Leased Property during, the period between termination of the Lease Term and the date the Leased Property is vacated pursuant to clause (i), the State shall pay Base Rent to the Trustee and Additional Rent to the Person entitled thereto.

ARTICLE IV

PROJECTS

Section 4.01. Sublessees' Obligations to Construct Projects. Each Sublessee has agreed in its Sublease to construct the Project that is to improve the Leased Property subject to such Sublease in accordance with Article IV of its Sublease.

Section 4.02. State's Obligation to Construct Projects. The State hereby agrees (a) to cause each Project to be constructed in accordance with Article IV of the applicable Sublease and (b) to comply with all of the covenants of each Sublessee set forth in Article IV of its Sublease as if Article IV of such Sublease were set forth in full in this Lease with the State named wherever the Sublessee is named.

Section 4.03. State Obligated Regardless of Sublessee's Actions. The State may comply with Section 4.02 hereof with respect to a Project by causing the Sublessee to comply with Article IV of its Sublease, but no failure of any Sublessee to comply any provision of Article IV of its Sublease shall relieve the State of any of the State's obligations to the Trustee under Section 4.02 hereof.

ARTICLE V

RENT; EVENT OF NONAPPROPRIATION

Section 5.01. Base Rent.

(a) The State shall, subject only to the remainder of this Section and the other Sections of this Article, pay Base Rent directly to the Trustee during the Lease Term in immediately available funds.

(b) The portion of each payment of Base Rent identified as such on Exhibit B hereto, as such Exhibit is amended or supplemented from time to time, is paid as, and represents payment of: (i) Amortizing Principal; (ii) Series 2009A Sinking Fund Principal; and (iii) interest.

(c) The Amortizing Principal, Series 2009A Sinking Fund Principal and interest components of Base Rent and total Base Rent shall be paid in the amounts and on the Base Rent Payment Dates set forth in Exhibit B hereto, as such Exhibit may be amended or supplemented from time to time; provided, however, that, subject to subsections (d) and (e) of this Section:

(i) there shall be credited against the amount of Amortizing Principal and the total Base Rent payable on any Base Rent Payment Date, any moneys in the Principal Account that are not held to pay the redemption price of Certificates for which a notice of redemption has been delivered;

(ii) there shall be credited against the amount of Series 2009A Sinking Fund Principal and the total Base Rent payable on any Base Rent Payment Date, any moneys in the Series 2009A Sinking Fund that (A) exceed the aggregate amount of all Series 2009A Sinking Fund Principal scheduled to be paid on all Base Rent Payments Dates preceding such Base Rent Payment Date and (B) are not held to pay the redemption price of Series 2009A Certificates for which a notice of redemption has been delivered; and

(iii) there shall be credited against the amount of interest and the total Base Rent payable on any Base Rent Payment Date, any moneys in the Interest

Account that are not held to pay the redemption price of Certificates for which a notice of redemption has been delivered.

(d) Thirty days prior to each Base Rent Payment Date, the Trustee shall notify the State as the exact amounts, if any, on deposit in each account of the Certificate Fund that will be credited, pursuant to subsection (c) of this Section against the Amortizing Principal, Series 2009A Sinking Fund Principal, interest and total Base Rent payable on such Base Rent Payment Date. Except as otherwise provided in subsection (e) of this Section with respect to Federal Direct Payments, if further amounts that are to be credited against the Amortizing Principal, Series 2009A Sinking Fund Principal, interest and total Base Rent payable on such Base Rent Payment Date accrue during such 30-day period, such amounts shall be carried over to be applied as a reduction of Amortizing Principal, Series 2009A Sinking Fund Principal, interest and total Base Rent, as applicable, payable on the next succeeding Base Rent Payment Date.

(e) The State shall cause any Federal Direct Payments with respect to the interest component of Base Rent to be paid directly to the Trustee for deposit into the Interest Account. Federal Direct Payments received by the Trustee shall be treated as a payment by the State of, and shall be netted against and shall reduce, the interest component of Base Rent and the total Base Rent payable by the State under this Lease. Any moneys representing Federal Direct Payments that are on deposit in the Interest Account on the second Business Day before a Base Rent Payment Date shall be credited against the Base Rent payable by the State on such Base Rent Payment Date. Any moneys representing Federal Direct Payments that are deposited into the Interest Account after the second Business Day before a Base Rent Payment Date shall be credited against the Base Rent payable by the State on the next Base Rent Payment Date.

(f) Upon receipt by the Trustee of each payment of Base Rent and each Federal Direct Payment, the Trustee shall apply the amount of such payment:

(i) *first*, the amount of each Federal Direct Payment and each payment of Base Rent designated and paid as interest under Exhibit B hereto, as such Exhibit may be amended or supplemented from time to time, plus the amount of any past due interest on the Series 2009A Certificates, shall be deposited into the Interest Account; and

(ii) *second*, the amount of each payment of Base Rent designated and paid as Amortizing Principal under Exhibit B hereto, as such Exhibit may be amended or supplemented from time to time, shall be deposited into the Principal Account; and

(iii) *third*, the amount of each payment of Base Rent designated and paid as Series 2009A Sinking Fund Principal under Exhibit B hereto, as such Exhibit may be amended or supplemented from time to time, shall be deposited into the Series 2009A Sinking Fund Account.

Section 5.02. Additional Rent. The State shall, subject only to Sections 6.01(b) and 7.02(b) hereof and the other Sections of this Article, pay Additional Rent directly to the Persons to which it is owed (which, in the case of payments required to be made to fund the Rebate Fund pursuant to the Indenture, is the Trustee) in immediately available funds in the amounts and on the dates on which they are due.

Section 5.03. Unconditional Obligations. The obligation of the State to pay Base Rent during the Lease Term shall, subject only to the other Sections of this Article, and the obligation of the State to pay Additional Rent during the Lease Term shall, subject only to Sections 6.01(b) and 7.02(b) hereof, and the other Sections of this Article, including, without limitation, Sections 5.04 and 5.05 hereof and Section 13.16 hereof, be absolute and unconditional and shall not be abated or offset for any reason related to the Leased Property. Notwithstanding any dispute between the State and the Trustee or between the State or the Trustee and any other Person relating to the Leased Property, the State shall, during the Lease Term, pay all Rent when due; the State shall not withhold any Rent payable during the Lease Term pending final resolution of such dispute and shall not assert any right of set-off or counter-claim against its obligation to pay Rent, provided, however, that the payment of any Rent shall not constitute a waiver by the State of any rights, claims or defenses which the State may assert; and no action or inaction on the part of the Trustee shall affect the State's obligation to pay Rent during the Lease Term.

Section 5.04. Event of Nonappropriation.

(a) The officer of the State who is responsible for formulating budget proposals with respect to payment of Rent is hereby directed (i) to estimate the Additional Rent payable in the next ensuing Fiscal Year prior to the submission of each annual budget proposal to the Colorado General Assembly during the Lease Term and (ii) to include in each annual budget proposal submitted to the Colorado General Assembly during the Lease Term the entire amount of Base Rent scheduled to be paid and the Additional Rent estimated to be payable during the next ensuing Fiscal Year; it being the intention of the State that any decision to continue or to terminate this Lease shall be made solely by the Colorado General Assembly, in its sole discretion, and not by any other department, agency or official of the State.

(b) An Event of Nonappropriation shall be deemed to have occurred, subject to the State's right to cure pursuant to subsection (c) of this Section, on June 30 of any Fiscal Year if the Colorado General Assembly has, on such date, failed, for any reason, to appropriate sufficient amounts authorized and directed to be used to pay all Base Rent scheduled to be paid and all Additional Rent estimated to be payable in the next ensuing Fiscal Year.

(c) Notwithstanding subsection (b) of this Section, an Event of Nonappropriation shall not be deemed to occur if, on or before August 15 of the next ensuing Fiscal Year, (i) the Colorado General Assembly has appropriated amounts sufficient to avoid an Event of Nonappropriation under subsection (b) of this Section and (ii) the State has paid all Rent due during the period from June 30 through the date of such appropriation.

(d) If the State shall determine to exercise its annual right to terminate this Lease effective on June 30 of any Fiscal Year, the State shall give written notice to such effect to the Trustee not later than April 1 of such Fiscal Year; provided, however, that a failure to give such notice shall not (i) constitute an Event of Default, (ii) prevent the State from terminating this Lease or (iii) result in any liability on the part of the State.

(e) The State shall furnish the Trustee with copies of all appropriation measures relating to Rent or the Purchase Option Price promptly upon the adoption thereof by the Colorado General Assembly, but not later than 30 days following the adoption thereof by the Colorado General Assembly; provided however, that a failure to furnish copies of such measures shall not (i) constitute an Event of Default, (ii) prevent the State from terminating this Lease or (iii) result in any liability on the part of the State.

(f) The amount included in the budget proposals submitted to the Colorado General Assembly and the amount appropriated by the Colorado General Assembly with respect to Base Rent pursuant to this Section shall be determined without reference to any Federal Direct Payments (i.e., expected Federal Direct Payments shall not be netted against and shall not reduce the amount included in the budget proposals and the amount appropriated even though expected Federal Direct Payments shall be netted against and shall reduce the annual lease payments of the State for purposes of Section 1.02(d) and (e) hereof and § 22-43.7-110(2) of the Act and Federal Direct Payments received by the Trustee shall be credited against the interest component of and total Base Rent payable by the State in accordance with Section 5.01 hereof).

Section 5.05. Limitations on Obligations of the State.

(a) Payment of Rent and all other payments by the State shall constitute currently appropriated expenditures of the State and may be paid solely from legally available moneys in the Assistance Fund, including any moneys appropriated or transferred by the Colorado General Assembly to the Assistance Fund in accordance with the Act from any legally available source if the amount of money in the Assistance Fund that is available to pay Rent will be insufficient to cover the full amount of Rent. All obligations of the State under this Lease shall be subject to the action of the Colorado General Assembly in annually making moneys available for payments hereunder. The obligations of the State to pay Rent and all other obligations of the State hereunder are subject to appropriation by the Colorado General Assembly in its sole discretion, and shall not be deemed or construed as creating an indebtedness of the State within the meaning of any provision of the State Constitution or the laws of the State concerning or limiting the creation of indebtedness of the State and shall not constitute a multiple fiscal year direct or indirect debt or other financial obligation of the State within the meaning Section 20(4) of Article X of the State Constitution. In the event the State does not renew this Lease, the sole security available to the Trustee, as lessor under this Lease, shall be the Leased Property.

(b) The State's obligations under the Lease shall be subject to the State's annual right to terminate this Lease upon the occurrence of an Event of Nonappropriation.

(c) The Certificates evidence undivided interests in the right to receive Lease Revenues and shall be payable solely from the Trust Estate. No provision of the Certificates, the Indenture, any Lease, any Sublease, any Matching Money Bond, any Site Lease or any other document or instrument shall 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 Colorado General Assembly for Rent for such Fiscal Year; (ii) as creating a multiple fiscal year direct or indirect debt or other financial obligation whatsoever of the State within the meaning of Section 3 of Article XI, Section 20 of Article X of the State Constitution or any other limitation or provision of the State Constitution, State statutes or other State law; (iii) as a delegation of governmental powers by the State; (iv) 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 Section 1 of Article XI of the State Constitution; or (v) as a donation or grant by the State to, or in aid of, any person, company or corporation within the meaning of Section 2 of Article XI of the State Constitution.

(d) The State shall be under no obligation whatsoever to exercise its option to purchase the Leased Property pursuant to Article VIII hereof.

(e) No provision of this Lease shall be construed to pledge or to create a lien on any class or source of moneys of the State, nor shall any provision of this Lease restrict the future issuance of any obligations of the State, payable from any class or source of moneys of the State; provided, however, that the restrictions set forth in the Indenture shall apply to the issuance of Certificates.

ARTICLE VI

OPERATION, MAINTENANCE AND INSURANCE OF LEASED PROPERTY

Section 6.01. Taxes, Utilities and Insurance.

(a) Except to the extent such expenses are paid by a Sublessee pursuant to its Sublease, the State shall pay, as Additional Rent, all of the following expenses with respect to the Leased Property:

(i) all taxes, assessments and other charges lawfully made by any governmental body, provided that any such taxes, assessments or other charges that may lawfully be paid in installments may be paid in installments as such installments are due;

(ii) all gas, water, steam, electricity, heat, power and other utility charges incurred in connection with the Leased Property;

(iii) casualty and property damage insurance with respect to the Leased Property in an amount equal to the full replacement value of the Leased Property;

(iv) public liability insurance with respect to the activities to be undertaken by the State and the Sublessees in connection with the Leased

Property and this Lease: (A) to the extent such activities result in injuries for which immunity is available under the Colorado Governmental Immunity Act, C.R.S. § 24-10-101 et seq. or any successor statute, in an amount not less than the amounts for which the State and the Sublessees may be liable to third parties under such Act and (B) for all other activities, in an amount not less than \$1,000,000 per occurrence.

(b) Except for Permitted Encumbrances, the State shall not allow any liens for taxes, assessments, other governmental charges or utility charges to exist with respect to any portion of the Leased Property. If the State or the Sublessee shall first notify the Trustee of the intention of the State or the Sublessee to do so, the State or the Sublessee may, however, in good faith contest any such tax, assessment, other governmental charge or utility charge and, in the event of any such contest, may permit the tax, assessment, other governmental charge or utility charge so contested to remain unpaid during the period of such contest and any appeal therefrom, unless the Trustee shall notify the State or the Sublessee that, in the opinion of Independent Counsel, whose fees and expenses shall be paid by the State or the Sublessee, as applicable, by nonpayment of any such item the interest of the Trustee in the Leased Property will be materially interfered with or endangered or the Leased Property or any portion thereof will be subject to loss or forfeiture, in which event such tax, assessment, other governmental charge or utility charge shall be paid forthwith; provided, however, that such payment shall not constitute a waiver of the right to continue to contest such tax, assessment, other governmental charge or utility charge. At the request of the State or the Sublessee, the Trustee will cooperate fully with the State and the Sublessee in any such contest.

(c) The insurance policies provided pursuant to subsection (a) of this Section shall meet the following conditions: (i) any insurance policy may have a deductible clause in an amount deemed reasonable by the State; (ii) each insurance policy shall be provided by an insurer that, at the time such policy is obtained or renewed, is rated "A" by A.M. Best or in the two highest rating categories of S&P and Moody's; (iii) each insurance policy shall be so written or endorsed as to make losses, if any, payable to the State, the Sublessee and the Trustee, as their respective interests may appear; (iv) each insurance policy shall contain a provision to the effect that the insurance company shall not cancel the policy or modify it materially and adversely to the interest of the State, the Sublessee or the Trustee without first giving written notice thereof to the State, the Sublessee and the Trustee at least ~~1030~~ 30 days in advance of such cancellation or modification; (v) upon request, each insurance policy, or each certificate evidencing such policy, shall be provided to the Trustee; (vi) full payment of insurance proceeds under any insurance policy up to the dollar limit required by this Section in connection with damage to the Leased Property shall, under no circumstance, be contingent on the degree of damage sustained at other property owned or leased by the State or any Sublessee; and (vii) each insurance policy shall explicitly waive any co-insurance penalty.

(d) The insurance required by this Section may be provided under blanket insurance policies which insure not only the risks required to be insured hereunder but also other similar risks or through a self insurance program.

(e) The Leased Property is not covered by the State risk management program. The Sublessees of the Leased Property have agreed in their Subleases to provide insurance required by this Section with respect to the Leased Property subject to their Subleases pursuant to the Colorado School Districts Self Insurance Pool or in another manner permitted by their Subleases. The State's obligations with respect to insurance shall only apply if and to the extent a Sublessee fails to provide the required insurance in accordance with its Sublease.

Section 6.02. Maintenance and Operation of Leased Property. The State shall maintain, preserve and keep the Leased Property, or cause the Leased Property to be maintained, preserved and kept, in good repair, working order and condition, subject to normal wear and tear, shall operate the Leased Property, or cause the Leased Property to be operated, in an efficient manner and at a reasonable cost, and shall make or cause to be made all necessary and proper repairs, except as otherwise provided in Sections 7.05 and 7.07 hereof.

ARTICLE VII

TITLE TO LEASED PROPERTY; ENCUMBRANCES, EASEMENTS, MODIFICATIONS, SUBSTITUTION, DAMAGE, PERSONAL PROPERTY

Section 7.01. Title to Leased Property. Title to the leasehold estate in the Leased Property under the Site Leases shall be held in the name of the Trustee, subject to the Site Leases and this Lease, until the Leased Property is conveyed or otherwise disposed of as provided herein, and the State shall have no right, title or interest in the Leased Property except as expressly set forth herein.

Section 7.02. Limitations on Disposition of and Encumbrances on Leased Property.

(a) Except as otherwise permitted in this Article or Article VIII or XI hereof and except for Permitted Encumbrances, (i) neither the Trustee nor the State shall sell, assign, transfer or convey any portion of or any interest in the Leased Property or directly or indirectly create, incur or assume any mortgage, pledge, lien, charge, encumbrance or claim on or with respect to the Leased Property, and (ii) the State shall promptly take such action as may be necessary to duly discharge any such mortgage, pledge, lien, charge, encumbrance or claim.

(b) Notwithstanding subsection (a) of this Section, if the State or the Sublessee shall first notify the Trustee of the intention of the State or the Sublessee to do so, the State or the Sublessee may in good faith contest any such mortgage, pledge, lien, charge, encumbrance or claim on or with respect to the Leased Property, and in the event of any such contest, may permit the item so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom, unless the Trustee shall notify the State and, if the Sublessee has notified the Trustee pursuant to this Section, the Sublessee that, in the opinion of Independent Counsel, whose fees shall be paid by the State or the Sublessee, as applicable, by failing to discharge or satisfy such item the interest of the Trustee in the Leased Property will be materially interfered with or endangered, or the Leased Property or any part thereof will be subject to loss or

forfeiture, in which event such item shall be satisfied and discharged forthwith; provided, however, that such satisfaction and discharge shall not constitute a waiver by the State or the Sublessee of the right to continue to contest such item. At the request of the State or the Sublessee, the Trustee will cooperate fully with the State and the Sublessee in any such contest.

Section 7.03. Granting of Easements. As long as no Event of Nonappropriation or Event of Default shall have happened and be continuing, the Trustee shall, at the request of the State or the Sublessee:

(a) consent to the grant of easements, licenses, rights-of-way (including the dedication of public highways) and other rights or privileges in the nature of easements with respect to the Leased Property, free from this Lease, the Indenture and the Subleases and any security interest or other encumbrance created hereunder or thereunder;

(b) consent to the release of existing easements, licenses, rights-of-way and other rights and privileges with respect to the Leased Property, free from this Lease, the Indenture and the Subleases and any security interest or other encumbrance created hereunder or thereunder, with or without consideration; and

(c) execute and deliver any instrument necessary or appropriate to confirm and grant or release any easement, license, right-of-way or other grant or privilege under subsection (a) or (b) of this Section, upon receipt of: (i) a copy of the instrument of grant or release; and (ii) a written application signed by the State Representative or the Sublessee Representative of the Sublessee requesting such instrument and stating that such grant or release will not materially adversely affect the value, or interfere with the effective use or operation, of the Leased Property.

Section 7.04. Subleasing and Other Grants of Use. The State may sublease each Sublessee's Leased Property to such Sublessee pursuant to a Sublease and such Sublessee may further sublease or otherwise grant the right to use such Leased Property to another Person, but only if:

(a) the Sublease includes the covenant by the Sublessee described in Section 9.04 hereof;

(b) the sublease or grant of use by the Sublessee complies with the covenant in the Sublease described in clause (a) above; and

(c) the obligations of the State under this Lease shall remain obligations of the State, and the State shall maintain its direct relationship with the Trustee, notwithstanding any such Sublease, sublease or grant of use.

Section 7.05. Modification of Leased Property. The Sublessee, at its own expense, may remodel, or make substitutions, additions, modifications or improvements to, the Leased Property, provided that: (a) such remodeling, substitutions, additions, modifications and additions (i) shall not in any way damage such portion of the Leased Property as it existed prior thereto and (ii) shall become part of the Leased Property; (b) the value of the Leased Property

after such remodeling, substitutions, additions, modifications and additions shall be at least as great as the value of the Leased Property prior thereto; (c) the Leased Property, after such remodeling, substitutions, additions, modifications and additions, shall continue to be used as provided in, and shall otherwise be subject to the terms of, this Lease.

Section 7.06. Substitution of Other Property for Leased Property. The State may at any time substitute other property for any portion of the Leased Property upon delivery to the Trustee of the items listed below. Upon delivery thereof, the Trustee shall execute and deliver any documents or instruments requested by the State to accomplish the substitution. The items are:

(a) A certificate by the State certifying that, following such substitution, either (i) the Fair Market Value of the substituted property, determined as of the date of substitution, is equal to or greater than the Fair Market Value of the property for which it is substituted; or (ii) the Fair Market Value of all the Leased Property will be at least equal to the principal amount of the Outstanding Certificates, both determined as of the date the substitution occurs. Such certifications of the State may be given based and in reliance upon certifications by the Sublessees that leased the Leased Property to the Trustee pursuant to Site Leases.

(b) A title insurance policy, an amendment or supplement to a previously issued title insurance policy or a commitment to issue such a policy, amendment or supplement that would allow the appropriate Sublessee and the State to make the title insurance representations set forth in the form of Project Account requisition attached as Appendix A to the Master Indenture.

(c) A certificate by the Sublessee certifying that (i) the useful life of the substituted property extends to or beyond the final maturity of the Certificates of the same Series designation as this Lease and (ii) the substituted property is at least as essential to the Sublessee or another Sublessee as the property for which it was substituted.

(d) An opinion of Bond Counsel to the effect that such substitution is permitted by this Lease and will not cause the State to violate its tax covenant set forth in Section 9.04 hereof.

Section 7.07. Property Damage, Defect or Title Event.

(a) If a Property Damage, Defect or Title Event occurs with respect to any portion of the Leased Property, the Net Proceeds received as a consequence thereof shall be deposited into a special trust fund held by the Trustee.

(b) If the costs of the repair, restoration, modification, improvement or replacement of the portion of the Leased Property affected by the Property Damage, Defect or Title Event are equal to or less than the Net Proceeds, the Net Proceeds shall be used promptly to repair, restore, modify, improve or replace the affected portion of the Leased Property and any excess shall be delivered to the State.

(c) If the costs of the repair, restoration, modification, improvement or replacement of the portion of the Leased Property affected by the Property Damage, Defect or Title Event are more than the Net Proceeds, then the State shall elect one of the following alternatives:

(i) to use the Net Proceeds and other moneys paid by the State, subject to Article V hereof, as Additional Rent to promptly repair, restore, modify or improve or replace the affected portion of the Leased Property with property of a value equal to or in excess of the value of such portion of the Leased Property;

(ii) to substitute property for the affected portion of the Leased Property pursuant to Section 7.06 hereof, in which case the Net Proceeds shall be delivered to the State; or

(iii) to use the Net Proceeds to promptly repair, restore, modify or improve or replace the affected portion of the Leased Property to the extent possible with the Net Proceeds.

(d) The State shall not voluntarily settle, or consent to the settlement of, any proceeding arising out of any insurance claim, performance or payment bond claim, prospective or pending condemnation proceeding, or any action relating to default or breach of warranty under any contract relating to any portion of the Leased Property without the written consent of the Trustee.

(e) No Property Damage, Defect or Title Event shall affect the obligation of the State to pay Rent hereunder except as otherwise provided in subsection (c)(i) hereof.

Section 7.08. Condemnation by State. The State agrees that, to the extent permitted by law, in the event it brings an eminent domain or condemnation proceeding with respect to the Leased Property, such proceeding shall be with respect to all the Leased Property and the value of the Leased Property for purposes of such proceeding shall be not less than the State's Purchase Option Price determined pursuant to Section 8.01 hereof.

Section 7.09. Personal Property of Sublessee. The Sublessee, at its own expense, may install equipment and other personal property in or on any portion of the Leased Property, which equipment or other personal property shall not become part of the Leased Property unless it is permanently affixed to the Leased Property or removal of it would materially damage the Leased Property, in which case it will become part of the Leased Property.

ARTICLE VIII

STATE'S PURCHASE OPTION; CONVEYANCE TO STATE AT END OF LEASE TERM; SUBLESSEES' PURCHASE OPTIONS

Section 8.01. State's Option to Purchase All Leased Property in Connection with Defeasance of Series 2009A Certificates.

(a) The State is hereby granted the option to purchase all, but not less than all, of the Leased Property in connection with the defeasance of all the Series 2009A Certificates by paying to the Trustee the State's Purchase Option Price (defined below), subject to compliance with all conditions to the defeasance of the Series 2009A Certificates under the Indenture, including, but not limited to, the receipt of an opinion of Bond Counsel that the defeasance will not cause an Adverse Tax Event. The "State's Purchase Option Price" for purposes of a purchase of all the Leased Property pursuant to this Section is an amount sufficient (i) to defease all the Series 2009A Certificates in accordance with the defeasance provisions of the Indenture and (ii) to pay all Additional Rent payable through the date on which the Leased Property is conveyed to the State or its designee pursuant to this Article, including, but not limited to, all fees and expenses of the Trustee relating to the conveyance of the Leased Property and the payment, redemption or defeasance of the Outstanding Series Certificates; provided, however, that (A) the State's Purchase Option Price shall be reduced by the moneys, if any, in the funds and accounts created under the Master Indenture (except the Rebate Fund and any existing defeasance escrows accounts established pursuant to Section 9.01 of the Master Indenture) that are available for deposit in the defeasance escrow account established pursuant to Section 9.01 of the Master Indenture for the Series 2009A Certificates; and (B) if any Series 2009A Certificates have been paid, redeemed or defeased with the proceeds of another Series of Certificates, in applying this subsection, Outstanding Certificates of the Series of Certificates the proceeds of which were used to pay, redeem or defease the Series 2009A Certificates shall be substituted for the Series 2009A Certificates that were paid, redeemed or defeased, which substitution shall be accomplished in any reasonable manner selected by the State in its sole discretion.

(b) In order to exercise its option to purchase the Leased Property pursuant to this Section, the State must: (i) give written notice to the Trustee (A) stating that the State intends to purchase the Leased Property pursuant to this Section, (B) identifying the source of funds it will use to pay the State's Purchase Option Price and (C) specifying a closing date for such purpose which is at least 30 and no more than 90 days after the delivery of such notice; and (ii) pay the State's Purchase Option Price to the Trustee in immediately available funds on the closing date.

Section 8.02. [Reserved].

Section 8.03. Conveyance of Leased Property. At the closing of any purchase of Leased Property pursuant to Section 8.01 hereof, the Trustee shall execute and deliver to the State all necessary documents assigning, transferring and conveying to the State the same ownership in the purchased Leased Property that was conveyed to the Trustee, subject only to the

following: (i) Permitted Encumbrances, other than this Lease, the Indenture, the Subleases and the Site Leases; (ii) all liens, encumbrances and restrictions created or suffered to exist by the Trustee as required or permitted by this Lease, the Indenture and Site Lease pursuant to which the Leased Property was leased to the Trustee or arising as a result of any action taken or omitted to be taken by the Trustee as required or permitted by this Lease, the Indenture and the Site Leases; (iii) any lien or encumbrance created or suffered to exist by action of the State or any Sublessee of the Leased Property to be purchased; and (iv) those liens and encumbrances (if any) to which the Leased Property purchased by the State pursuant to this Article was subject when acquired by the Trustee.

Section 8.04. Conveyance of Leased Property to State at End of Scheduled Lease Term. If all Base Rent scheduled to be paid through the end of the Scheduled Lease Term, all Additional Rent payable through the date of conveyance of the Leased Property to the State pursuant to this Section shall have been paid, all Certificates with the same Series designation as this Lease have been paid in full in accordance with the Indenture and all other amounts payable pursuant to the Indenture and this Lease have been paid, the Leased Property that remains subject to this Lease shall be assigned, transferred and conveyed to the State at the end of the Scheduled Lease Term in the manner described in Section 8.03 hereof without any additional payment by the State.

Section 8.05. Sublessees' Purchase Options. Upon the occurrence of an Event of Default or Event of Nonappropriation under this Lease, each Sublessee has the option to purchase the Leased Property that is subject to its Sublease as provided in Article VIII of such Sublease. The Trustee agrees to notify each Sublessee upon the occurrence of an Event of Default or Event of Nonappropriation under this Lease and to comply with the provisions of Article VIII of each Sublease.

ARTICLE IX

GENERAL COVENANTS

Section 9.01. Further Assurances and Corrective Instruments. So long as this Lease is in full force and effect and no Event of Nonappropriation or Event of Default shall have occurred, the Trustee and the State shall have full power to carry out the acts and agreements provided herein and the State and the Trustee, at the written request of the other, shall from time to time, execute, acknowledge and deliver or cause to be executed, acknowledged and delivered such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Leased Property leased or intended to be leased hereunder, or for otherwise carrying out the intention of or facilitating the performance of this Lease.

Section 9.02. Compliance with Requirements of Law. On and after the date hereof, neither the State nor the Trustee shall take any action with respect to the Leased Property that violates the terms hereof or is contrary to the provisions of any Requirement of Law. Without limiting the generality of the preceding sentence, the State, in particular, shall use the Leased Property in a manner such that (a) the Leased Property at all times is operated in compliance with all Requirements of Law; (b) all permits required by Requirements of Law in respect of the

State's use of the Leased Property are obtained, maintained in full force and effect and complied with; (c) there shall be no hazardous substance, pollutant or contaminant (as those terms are defined in the Comprehensive Environmental Response, Compensation, and Liability Act, as amended, 42 U.S.C. § 9601, et seq., any applicable state law or regulations promulgated under either), solid or hazardous waste (as defined in the Resource Conservation and Recovery Act, as amended, 42 U.S.C. § 6901, et seq., any applicable state law or regulations promulgated under either), special waste, petroleum or petroleum derived substance, radioactive material or waste, polychlorinated biphenyls, asbestos or any constituent of any of the foregoing located on, in or under the Leased Property in violation of any Requirements of Law; (d) there shall be no disposal of any of the items referred to in clause (c) on, from, into or out of the Leased Property in violation of any Requirements of Law; and (e) there shall be no spillage, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leeching, dumping, disposing, depositing or dispersing of any of the items referred to in clause (c) into the indoor or outdoor environment from, into or out of the Leased Property, including but not limited to the movement of any such items through or in the air, soil, surface water, ground water from, into or out of the Leased Property or the abandonment or discard of barrels, containers or other open or closed receptacles containing any such items from, into or out of the Leased Property in violation of any Requirements of Law.

Section 9.03. Participation in Legal Actions.

(a) At the request of and at the cost of the State (payable as Additional Rent hereunder), the Trustee shall join and cooperate fully in any legal action in which the State or a Sublessee asserts its right to the enjoyment of the Leased Property; that involves the imposition of any charges, costs or other obligations or liabilities on or with respect to the Leased Property or the enjoyment of the Leased Property by the State or such Sublessee; or that involves the imposition of any charges, costs or other obligations with respect to the State's execution, delivery and performance of its obligations under this Lease or such Sublessee's execution, delivery and performance of its obligations under a Site Lease, Sublease or Matching Money Bond.

(b) At the request of the Trustee and upon a determination by the State that such action is in the best interests of the State, the State shall, at the cost of the State (payable as Additional Rent hereunder), join and cooperate fully in any legal action in which the Trustee asserts its ownership of or interest in the Leased Property; that involves the imposition of any charges, costs or other obligations on or with respect to the Leased Property for which the Trustee is responsible hereunder; or that involves the imposition of any charges, costs or other obligations with respect to the execution and delivery or acceptance of this Lease, the Indenture or the Site Leases by the Trustee or the performance of its obligations hereunder or thereunder.

Section 9.04. Tax Covenant of the State. The State (a) will not use or permit any other Person to use the Projects and will not use, invest or direct the Trustee to use or invest proceeds of the Certificates or any moneys in the funds and amounts held by the Trustee under the Indenture in a manner that would cause, or take any other action that would cause, an Adverse Tax Event and (b) will comply with the certifications, representations and agreements set forth in the tax compliance certificate executed by the State in connection with the Series 2009A

Certificates. The State (i) will require each Sublessee to covenant in its Sublease that (A) such Sublessee will not use or permit any other Person to use such Sublessee's Project and will not use, invest or direct any other Person to use or invest any moneys that it withdraws from its Project Account in a manner that would cause an Adverse Tax Event and (B) such Sublessee will comply with the other certifications, representations and agreements set forth in Exhibit A to its Sublease the tax compliance certificate executed in connection with its Matching Moneys Bond; and (ii) will enforce such covenant against the Sublessee.

Section 9.05. Payment of Fees and Expenses of the Trustee. The State shall pay as Additional Rent the reasonable fees and expenses of the Trustee in connection with the Leased Property, the Projects, the Leases, the Indenture, the Certificates, the Site Leases and the Subleases or any matter related thereto, including, but not limited to, costs of defending any claim or action brought against the Trustee or its directors, officers, employees or agents relating to the foregoing, in accordance with the schedule attached hereto as Exhibit C. The State shall not, however, pay any fees or expenses incurred in connection with any action or omission, or any liability incurred in connection with any action or omission, that constituted willful misconduct or negligence of the Trustee or its directors, officers, employees or agents.

Section 9.06. Payments to Rebate Fund; Rebate Calculations. The State shall pay to the Trustee as Additional Rent the amount required to be paid to the United States of America on any date on which a rebate payment is due to the extent the amount on deposit in the Rebate Fund is not sufficient. The State also agrees to make or cause to be made all rebate calculations required pursuant to the Indenture and to pay the costs as Additional Rent.

Section 9.07. Investment of Funds. By authorizing the execution and delivery of this Lease, the State specifically authorizes the investment of moneys held by the Trustee in Permitted Investments (as defined in the Indenture), including Permitted Investments where the period from the date of purchase thereof to the maturity date is in excess of five years.

ARTICLE X

LIMITS ON OBLIGATIONS OF TRUSTEE

Section 10.01. Disclaimer of Warranties. THE TRUSTEE MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR FITNESS FOR USE OF THE LEASED PROPERTY OR ANY OTHER REPRESENTATION OR WARRANTY WITH RESPECT TO THE LEASED PROPERTY. In no event shall the Trustee be liable for any incidental, special or consequential damage in connection with or arising out of this Lease or the existence, furnishing, functioning or use by the State of any item, product or service provided for herein.

Section 10.02. Financial Obligations of Trustee Limited to Trust Estate. Notwithstanding any other provision hereof, all financial obligations of the Trustee under this Lease, except those resulting from its willful misconduct or negligence, are limited to the Trust Estate.

ARTICLE XI

EVENTS OF DEFAULT AND REMEDIES

Section 11.01. Events of Default Defined.

(a) Any of the following shall constitute an “Event of Default” under this Lease:

(i) failure by the State to pay any specifically appropriated Base Rent to the Trustee on or before the applicable Base Rent Payment Date; provided, however, that a failure by the State to pay Base Rent on the applicable Base Rent Payment Date shall not constitute an Event of Default if such payment is received by the Trustee on or before the Business Day prior to the first date immediately following the scheduled Base Rent Payment Date on which principal or interest is payable on Certificates;

(ii) failure by the State to pay any Additional Rent for which funds have been specifically appropriated when due, or if such Additional Rent is payable to a Person other than the Trustee, when nonpayment thereof has, or may have, a material adverse effect upon the Certificates, the Leased Property or the interest of the Trustee in the Leased Property;

(iii) failure by the State to vacate the Leased Property within 90 days following an Event of Nonappropriation in accordance with Section 3.02(b) hereof;

(iv) any sublease, assignment, encumbrance, conveyance or other transfer of the interest of the State in all or any portion of this Lease or the Leased Property in violation of Section 12.02(a) hereof or any succession to all or any portion of the interest of the State in the Leased Property in violation of Section 12.02(b) hereof;

(v) failure by the State to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in clause (i), (ii), (iii) or (iv) above, for a period of 30 days after written notice, specifying such failure and requesting that it be remedied shall be given to the State by the Trustee, unless the Trustee shall consent in writing to an extension of such time prior to its expiration; provided, however, that if the failure stated in the notice cannot be corrected within the applicable period, the Trustee shall not withhold its consent to an extension of such time if corrective action shall be instituted within the applicable period and diligently pursued until the default is corrected; or

(vi) the occurrence of an Event of Default under any other Lease (as the term “Event of Default” is defined in such other Lease).

(b) The provisions of subsection (a) of this Section are subject to the following limitations:

(i) the State shall be obligated to pay Rent only during the Lease Term, except as otherwise expressly provided in Section 3.02(b)(ii) hereof; and

(ii) if, by reason of Force Majeure, the State shall be unable in whole or in part to carry out any agreement on its part herein contained, other than its obligation to pay Rent hereunder, the State shall not be deemed in default during the continuance of such inability; provided, however, that the State shall, as promptly as legally and reasonably possible, remedy the cause or causes preventing the State from carrying out such agreement, except that the settlement of strikes, lockouts and other industrial disturbances shall be solely within the discretion of the State.

Section 11.02. Remedies on Default. Whenever any Event of Default shall have happened and be continuing, the Trustee may take one or any combination of the following remedial steps:

(a) terminate the Lease Term and give notice to the State to immediately vacate the Leased Property in the manner provided in Section 3.02(b) hereof;

(b) sell or lease its interest in all or any portion of the Leased Property, subject to the Sublessees' purchase options under the Subleases;

(c) recover any of the following from the State that is not recovered pursuant to subsection (b) of this Section:

(i) the portion of Rent payable pursuant to Section 3.02(b)(ii) hereof;

(ii) the portion of Base Rent for the then current Fiscal Year that has been specifically appropriated by the Colorado General Assembly, regardless of when the State vacates the Leased Property; and

(iii) the portion of the Additional Rent for the then current Fiscal Year that has been specifically appropriated by the Colorado General Assembly, but only to the extent such Additional Rent are payable prior to the date, or are attributable to the use of the Leased Property prior to the date, the State vacates the Leased Property;

(d) enforce any provision of this Lease by equitable remedy, including, but not limited to, enforcement of the restrictions on assignment, encumbrance, conveyance, transfer or succession under Article XII hereof by specific performance, writ of mandamus or other injunctive relief; and

(e) take whatever action at law or in equity may appear necessary or desirable to enforce its rights in and to the Leased Property under this Lease, subject, however, to the limitations on the obligations of the State set forth in Sections 5.05 and 11.03 hereof.

Section 11.03. Limitations on Remedies. A judgment requiring a payment of money may be entered against the State by reason of an Event of Default only as to the State's liabilities described in Section 11.02(c) hereof. A judgment requiring a payment of money may be entered against the State by reason of an Event of Nonappropriation, or a failure to vacate the Leased Property following an Event of Nonappropriation, only to the extent provided in Section 11.02(c)(i) hereof.

Section 11.04. No Remedy Exclusive. Subject to Section 11.03 hereof, no remedy herein conferred upon or reserved to the Trustee is intended to be exclusive, and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Trustee to exercise any remedy reserved in this Article, it shall not be necessary to give any notice, other than such notice as may be required in this Article.

Section 11.05. Waivers.

(a) The Trustee may waive any Event of Default under this Lease and its consequences. In the event that any agreement contained herein should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

(b) In the event the Trustee waives any Event of Default described in Section 11.01(a)(i) hereof, any subsequent payment by the State of Base Rent then due and owing shall be paid to the Trustee to be applied in accordance with the terms of the Indenture.

ARTICLE XII

TRANSFERS OF INTERESTS IN LEASE OR LEASED PROPERTY

Section 12.01. Trustee's Rights, Title and Interest in Trust for Benefit of Owners; Successor Trustee; Assignment by Trustee. The Trustee shall hold its interest in the Leased Property and its rights, title and interest in, to and under this Lease (other than the Trustee's rights to payment of its fees and expenses and the rights of third parties to Additional Rent payable to them) in trust for the benefit of the Owners pursuant to the Indenture. Any successor trustee under the Indenture shall automatically succeed to previous trustee's interest in the Leased Property and the previous trustee's rights, title, interest and obligations in, to and under this Lease. The Trustee shall not, except as provided in this Section or as otherwise provided elsewhere in this Lease or in the Indenture, assign, convey or otherwise transfer to any Person any of the Trustee's interest in the Leased Property or the Trustee's rights, title or interest in, to or under this Lease.

Section 12.02. Transfer of the State's Interest in Lease and Leased Property Prohibited.

(a) Except as otherwise permitted by Section 7.04 hereof with respect to subleasing or grants of use of the Leased Property, Section 7.06 with respect to substitutions of other property for Leased Property and subsection (b) of this Section with respect to transfers of the Leased Property following termination of this Lease or as otherwise required by law, the State shall not sublease, assign, encumber, convey or otherwise transfer all or any portion of its interest in this Lease or the Leased Property to any Person, whether now in existence or organized hereafter.

(b) Notwithstanding subsection (a) of this Section, the State may transfer its interest in the Leased Property after, and only after, this Lease has terminated and the Leased Property has been conveyed to the State pursuant to Article VIII hereof.

ARTICLE XIII

MISCELLANEOUS

Section 13.01. Binding Effect. This Lease shall inure to the benefit of and shall be binding upon the Trustee and the State and their respective successors and assigns, subject, however, to the limitations set forth in Article XII hereof. The Sublessee that leased Leased Property to the Trustee and its successors and assigns is an intended third party beneficiary of the covenants of the State in Articles VI and VII and Sections 9.02, 9.03(a) and 12.02 hereof and of the Trustee in Section 9.03(b) hereof. This Lease and the covenants set forth herein are expressly intended to be covenants, conditions and restrictions running with the Leased Property and the leasehold estate in the Leased Property under this Lease.

Section 13.02. Interpretation and Construction. This Lease and all terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein to sustain the validity of this Lease. For purposes of this Lease, except as otherwise expressly provided or unless the context otherwise requires:

(a) All references in this Lease to designated "Articles," "Sections," "subsections," "paragraphs," "clauses" and other subdivisions are to the designated Articles, Sections, subsections, paragraphs, clauses and other subdivisions of this Lease. The words "herein," "hereof," "hereto," "hereby," "hereunder" and other words of similar import refer to this Lease as a whole and not to any particular Article, Section or other subdivision.

(b) The terms defined in the Glossary have the meanings assigned to them in the Glossary and include the plural as well as the singular.

(c) All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles as in effect from time to time.

(d) The term “money” includes any cash, check, deposit, investment security or other form in which any of the foregoing are held hereunder.

(e) In the computation of a period of time from a specified date to a later specified date, the word “from” means “from and including” and each of the words “to” and “until” means “to but excluding.”

Section 13.03. Acknowledgement of Indenture. The State has received a copy of, and acknowledges the terms of, the Indenture.

Section 13.04. Trustee, State and Sublessee Representatives. Whenever under the provisions hereof the approval of the Trustee, the State or a Sublessee is required, or the Trustee, the State or a Sublessee is required to take some action at the request of the other, unless otherwise provided, such approval or such request shall be given for the Trustee by the Trustee Representative, for the State by the State Representative and by the Sublessee by the Sublessee Representative identified in the Sublessee’s Sublease and the Trustee, the State and the Sublessees shall be authorized to act on any such approval or request.

Section 13.05. Manner of Giving Notices. All notices, certificates or other communications hereunder shall be in writing and shall be deemed given when mailed by first class United States mail, postage prepaid, or when sent by facsimile transmission or electronic mail, addressed as follows: if to the State, to Colorado State Treasurer, 140 State Capitol, Denver, CO 80203, Attention: Deputy State Treasurer, facsimile number: 303-866-2123, electronic mail address: eric.rothaus@state.co.us, with a copy to Colorado State Controller, 633 Seventeenth Street, Suite 1500, Denver, Colorado 80203, Attention: David J. McDermott, facsimile number: 303-866-4233, electronic mail address: david.mcdermott@state.co.us, if to the Trustee, to Zions First National Bank, 1001 Seventeenth Street, Suite 1050, Denver, Colorado 80202, Attention: Corporate Trust Services facsimile number: 720-947-7480, electronic mail address: corporatetrust@zionsbank.com; and if to any Sublessee, to the notice address set forth in such Sublessee’s Sublease. Any notice party may, by written notice, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

Section 13.06. No Individual Liability. All covenants, stipulations, promises, agreements and obligations of the State or the Trustee, as the case may be, contained herein shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the State or the Trustee, as the case may be, and not of any member, director, officer, employee, servant or other agent of the State or the Trustee in his or her individual capacity, and no recourse shall be had on account of any such covenant, stipulation, promise, agreement or obligation, or for any claim based thereon or hereunder, against any member, director, officer, employee, servant or other agent of the State or the Trustee or any natural person executing this Lease or any related document or instrument; provided that such person is acting within the scope of his or her employment, membership, directorship or agency, as applicable, and not in a manner that constitutes gross negligence or willful misconduct.

Section 13.07. Amendments, Changes and Modifications. Except as otherwise provided herein or in the Indenture, this Lease may only be amended, changed, modified or

altered by a written instrument executed by the State and the Trustee; and the Trustee shall, if and when requested by the State, execute and deliver any amendment to this Lease proposed by the State upon delivery to the Trustee of an opinion of Bond Counsel stating that such amendment does not violate the Indenture or the Leases.

Section 13.08. Events Occurring on Days that are not Business Days. If the date for making any payment or the last day for performance of any act or the exercising of any right under this Lease is a day that is not a Business Day, such payment may be made, such act may be performed or such right may be exercised on the next succeeding Business Day, with the same force and effect as if done on the nominal date provided in this Lease.

Section 13.09. Legal Description of Land Included in Leased Property. The legal description of the land included in the Leased Property subject to this Lease is set forth in Exhibit A hereto. If the land included in the Leased Property subject to this Lease is modified pursuant to the terms of this Lease or other land is substituted for land included in the Leased Property subject to this Lease pursuant to the terms of this Lease, the legal description set forth in Exhibit A hereto will be amended to describe the land included in the Leased Property subject to this Lease after such modification or substitution.

Section 13.10. Merger. The Trustee and the State intend that the legal doctrine of merger shall have no application to this Lease, any Site Lease or any Sublease and that none of the execution and delivery of this Lease by the Trustee and the State, any such Site Lease by a Sublessee and the Trustee or any Sublease by the State and a Sublessee or the exercise of any remedies by any party under this Lease, any Site Lease or any Sublease shall operate to terminate or extinguish this Lease, any Site Lease or any Sublease.

Section 13.11. Severability. In the event that any provision of this Lease, other than the obligation of the State to pay Rent hereunder and the obligation of the Trustee to provide quiet enjoyment of the Leased Property and to convey the Leased Property to the State pursuant to Article VIII hereof, shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 13.12. Captions. The captions or headings herein are for convenience only and in no way define, limit or describe the scope or intent of any provisions or Sections of this Lease.

Section 13.13. Applicable Law. The laws of the State and rules and regulations issued pursuant thereto, as the same may be amended from time to time, shall be applied in the interpretation, execution and enforcement of this Lease. Any provision of this Lease, whether or not incorporated herein by reference, which provides for arbitration by an extra-judicial body or person or which is otherwise in conflict with said laws, rules and regulations shall be considered null and void. Nothing contained in any provision hereof or incorporated herein by reference which purports to negate this Section in whole or in part shall be valid or enforceable or available in any action at law whether by way of complaint, defense or otherwise. Any provision rendered null and void by the operation of this Section will not invalidate the remainder of this Lease to the extent that this Lease is capable of execution. At all times during the performance of this Lease, the Trustee shall strictly adhere to all applicable federal and State laws, rules and regulations that have been or may hereafter be established.

Section 13.14. State Controller's Approval. This Lease shall not be deemed valid until it has been approved by the State Controller or such assistant as the State Controller may designate. Financial obligations of the State payable after the current Fiscal Year are contingent upon funds for that purpose being appropriated, budgeted and otherwise made available.

Section 13.15. Non-Discrimination. The Trustee agrees to comply with the letter and the spirit of all applicable State and federal laws respecting discrimination and unfair employment practices.

Section 13.16. Vendor Offset. Pursuant to C.R.S. §§ 24-30-202(1) and 24-30-202.4, the State Controller may withhold payment of certain amounts owed by State agencies under the State's vendor offset intercept system for (a) unpaid child support debts or child support arrearages; (b) unpaid balances of tax, accrued interest, or other charges specified in C.R.S. § 39-21-101 et seq.; (c) unpaid balances of tax, accrued interest or other charges specified in C.R.S. § 39-21-101 et seq.; (d) unpaid loans due to the Student Loan Division of the Department of Higher Education; (e) amounts required to be paid to the Unemployment Compensation Fund; and (f) other unpaid debts certified by the State Controller as owing to the State as a result of final agency determination or judicial action.

Section 13.17. Employee Financial Interest. The signatories to this Lease aver that, to their knowledge, no employee of the State has any personal or beneficial interest whatsoever in the service or property described herein.

Section 13.18. Execution in Counterparts. This Lease may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

[remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Trustee and the State have executed this Lease as of the date first above written.

ZIONS FIRST NATIONAL BANK, solely in its capacity as trustee under the Indenture

By _____
Authorized Signatory

STATE OF COLORADO, acting by and through the State Treasurer

By _____
Cary Kennedy, Colorado State Treasurer

APPROVALS:

ATTORNEY GENERAL
JOHN W. SUTHERS

STATE CONTROLLER
DAVID J. MCDERMOTT, CPA

By _____
Heidi Dineen, Assistant Attorney General

By _____
David J. McDermott, State Controller

STATE OF COLORADO
BILL RITTER, JR., GOVERNOR
DEPARTMENT OF PERSONNEL &
ADMINISTRATION
OFFICE OF STATE ARCHITECT, REAL
ESTATE PROGRAMS

For the Executive Director

By _____
Michael R. Karbach, Manger, Real Estate
Programs

[Signature Page to 2009A Lease]

STATE OF COLORADO)
) ss.
CITY AND COUNTY OF DENVER)

The foregoing instrument was acknowledged before me this ____ day of August, 2009 by _____ as an authorized signatory of Zions First National Bank.

WITNESS MY HAND AND OFFICIAL SEAL, the day and year above written.

[NOTARIAL SEAL]

Notary

My commission expires:

EXHIBIT A

LEGAL DESCRIPTION OF LAND INCLUDED IN LEASED PROPERTY

1. LAND INCLUDED IN LEASED PROPERTY OF ALAMOSA SCHOOL DISTRICT
RE-11J

A TRACT OF LAND SITUATED IN THE NORTH HALF OF THE SOUTHEAST QUARTER AND IN THE NORTHEAST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 9, TOWNSHIP 37 NORTH, RANGE 10 EAST OF THE NEW MEXICO PRINCIPAL MERIDIAN, BEING A PART OF WASHINGTON ADDITION TO ALAMOSA, COUNTY OF ALAMOSA, STATE OF COLORADO, AND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS TO-WIT:

CONSIDERING THE LINE BETWEEN THE CENTER QUARTER CORNER AND THE EAST QUARTER CORNER OF SAID SECTION 9 AS BEARING S89°47'26"E AND WITH ALL BEARINGS CONTAINED HEREIN RELATIVE THERETO;

COMMENCING AT THE EAST QUARTER CORNER OF SAID SECTION 9; THENCE S82°35'29"W A DISTANCE OF 2427.60 FEET TO A POINT ON THE SOUTH RIGHT-OF-WAY LINE FOR WEST 8TH STREET IN ALAMOSA AND THE **TRUE POINT OF BEGINNING**;

THENCE S00°12'51"W A DISTANCE OF 395.00 FEET;

THENCE S89°47'09"E A DISTANCE OF 450.00 FEET;

THENCE S00°12'51"W A DISTANCE OF 30.00 FEET;

THENCE S89°47'09"E A DISTANCE OF 270.00 FEET;

THENCE S00°12'51"W A DISTANCE OF 425.00 FEET TO A POINT ON THE NORTH RIGHT-OF-WAY LINE FOR WEST 10TH STREET;

THENCE N89°47'09"W ALONG THE NORTH RIGHT-OF-WAY LINE FOR WEST 10TH STREET A DISTANCE OF 1710.00 FEET;

THENCE N00°12'51"E A DISTANCE 850.00 FEET TO A POINT ON THE SOUTH RIGHT-OF-WAY LINE FOR WEST 8TH STREET;

THENCE S89°47'09"E ALONG SAID SOUTH RIGHT-OF-WAY LINE A DISTANCE OF 990.00 FEET TO THE **TRUE POINT OF BEGINNING**.

2. LAND INCLUDED IN LEASED PROPERTY OF SANGRE DE CRISTO SCHOOL DISTRICT RE-22J

Parcel 2,
FRYE DIVISION OF LAND NO. 1, according to the Plat thereof
recorded May 11, 2009 at Reception No. 338506,
County of Alamosa,
State of Colorado.

3. LAND INCLUDED IN LEASED PROPERTY OF SARGENT SCHOOL DISTRICT RE-33J

A TRACT OF LAND SITUATED IN THE SOUTHWEST QUARTER OF SECTION 28, TOWNSHIP 40 NORTH, RANGE 8 EAST, NEW MEXICO PRINCIPAL MERIDIAN, RIO GRANDE COUNTY, COLORADO, AND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS TO-WIT:

CONSIDERING THE WEST LINE OF THE SOUTHWEST QUARTER OF SAID SECTION 28 AS BEARING N00°12'30"E AND WITH ALL BEARINGS CONTAINED HEREIN RELATIVE THERETO:

COMMENCING AT THE SOUTHWEST CORNER OF SAID SECTION 28; THENCE N28°46'48"E A DISTANCE OF 416.98 FEET TO THE **TRUE POINT OF BEGINNING**;

THENCE NORTH 79.67 FEET;
THENCE EAST 40.62 FEET;
THENCE NORTH 113.75 FEET;
THENCE WEST 107.50 FEET;
THENCE NORTH 26.58 FEET;
THENCE WEST 15.92 FEET;
THENCE NORTH 30.60 FEET;
THENCE EAST 15.97 FEET;
THENCE NORTH 28.58 FEET;
THENCE EAST 246.62 FEET;
THENCE SOUTH 85.77 FEET;
THENCE WEST 13.79 FEET;
THENCE SOUTH 58.08 FEET;
THENCE EAST 13.33 FEET;
THENCE SOUTH 150.00 FEET;
THENCE WEST 80.21 FEET;
THENCE NORTH 14.67 FEET;
THENCE WEST 99.12 FEET TO THE **TRUE POINT OF BEGINNING**;

AND THE FOLLOWING PARCEL MORE PARTICULARLY DESCRIBED AS FOLLOWS:

A PARCEL SITUATED IN THE SOUTHWEST QUARTER OF SECTION 28, TOWNSHIP 40 NORTH, RANGE 8 EAST, NEW MEXICO PRINCIPAL MERIDIAN, RIO GRANDE COUNTY, COLORADO, AND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS TO-WIT:

CONSIDERING THE WEST LINE OF THE SOUTHWEST QUARTER OF SAID SECTION 28 AS BEARING N00°12'30"E AND WITH ALL BEARINGS CONTAINED HEREIN RELATIVE THERETO:

COMMENCING AT THE SOUTHWEST CORNER OF SAID SECTION 28:
THENCE N03°08'22"E A DISTANCE OF 586.66 FEET TO A POINT ON THE EAST RIGHT-
OF-WAY LINE FOR COUNTY ROAD 2 EAST AND THE **TRUE POINT OF BEGINNING**:

THENCE N00°12'30"E ALONG THE EAST RIGHT-OF-WAY LINE FOR SAID COUNTY
ROAD 2 EAST A DISTANCE OF 30.60 FEET;
THENCE S89°47'30"E A DISTANCE OF 85.71 FEET;
THENCE SOUTH 30.60 FEET;
THENCE N89°47'30"W A DISTANCE OF 85.82 FEET TO THE **TRUE POINT OF**
BEGINNING.

LEGAL DESCRIPTION PREPARED BY:
REYNOLDS ENGINEERING COMPANY
MARTIN REYNOLDS, PLS #23847

EXHIBIT B

BASE RENT PAYMENT SCHEDULE

Base Rent Payment Date	Amortizing Principal	Series 2009A Sinking Fund Principal	Interest	Total Base Rent
<u>03/12/2010</u>	<u>\$0</u>	<u>\$ 3,535,000</u>	<u>\$0</u>	<u>\$ 3,535,000</u>
<u>03/12/2011</u>	<u>0</u>	<u>5,975,000</u>	<u>0</u>	<u>5,975,000</u>
<u>03/12/2012</u>	<u>0</u>	<u>5,975,000</u>	<u>0</u>	<u>5,975,000</u>
<u>03/12/2013</u>	<u>0</u>	<u>5,975,000</u>	<u>0</u>	<u>5,975,000</u>
<u>03/12/2014</u>	<u>0</u>	<u>5,975,000</u>	<u>0</u>	<u>5,975,000</u>
<u>03/12/2015</u>	<u>0</u>	<u>5,975,000</u>	<u>0</u>	<u>5,975,000</u>
<u>03/12/2016</u>	<u>0</u>	<u>5,970,000</u>	<u>0</u>	<u>5,970,000</u>
<u>03/12/2017</u>	<u>0</u>	<u>5,970,000</u>	<u>0</u>	<u>5,970,000</u>
<u>03/12/2018</u>	<u>0</u>	<u>5,970,000</u>	<u>0</u>	<u>5,970,000</u>
<u>03/12/2019</u>	<u>0</u>	<u>5,970,000</u>	<u>0</u>	<u>5,970,000</u>
<u>03/12/2020</u>	<u>0</u>	<u>5,970,000</u>	<u>0</u>	<u>5,970,000</u>
<u>03/12/2021</u>	<u>0</u>	<u>5,970,000</u>	<u>0</u>	<u>5,970,000</u>
<u>03/12/2022</u>	<u>0</u>	<u>5,970,000</u>	<u>0</u>	<u>5,970,000</u>
<u>03/12/2023</u>	<u>0</u>	<u>5,970,000</u>	<u>0</u>	<u>5,970,000</u>
<u>03/12/2024</u>	<u>0</u>	<u>5,975,000</u>	<u>0</u>	<u>5,975,000</u>
Total		<u>\$87,145,000</u>		<u>\$87,145,000</u>

EXHIBIT C

TRUSTEE’S FEES AND EXPENSES

Lessor Fees Included in Annual Trustee Fee

Acceptance Fee \$1,500.00

Covering the trustee’s study and consideration of the governing documents, including the preparation and establishment of the necessary accounts and files and performing all duties associated with the closing.

Annual Trustee Fee \$2,000.00

Covering ordinary administrative duties of the Trustee, Paying Agent, Registrar and Lessor/Trustee as set forth in the governing documents so long as no default exists. The annual trustee fee is payable in advance.

Legal Fees Waived

We do not anticipate having to use outside counsel for this transaction.

Paying Agent and Registrar Fees Included in Annual Trustee Fee

The fees quoted above for usual and routine administration are not subject to change. Special or extraordinary events, such as amendments or defaults are not included in the above fees and we reserve the right to charge an additional amount based on the time incurred in handling such events should they occur. Out-of-pocket costs, such as overnight delivery charges, would be added to the annual administration fee only if excessive.

After recording return to:
Michael R. Johnson
Kutak Rock LLP
1801 California Street, Suite 3100
Denver, Colorado 80202

FORM OF
STATE OF COLORADO
BUILDING EXCELLENT SCHOOLS TODAY
SITE LEASE OF [NAME OF SITE LESSOR]

by and between

_____,
as site lessor

and

ZIONS FIRST NATIONAL BANK ,
solely in its capacity as Trustee under the Indenture identified herein,
as site lessee

Dated as of August 12, 2009

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EXHIBIT A LEGAL DESCRIPTION OF LAND INCLUDED IN LEASED PROPERTY 1

**STATE OF COLORADO
BUILDING EXCELLENT SCHOOLS TODAY
SERIES 2009A SITE LEASE**

This State of Colorado Building Excellent Schools Today Site Lease (this "Site Lease") is dated as of August 12, 2009 and is entered into by and between _____ (the "Site Lessor"), as lessor, and Zions First National Bank, a national banking association duly organized and validly existing under the laws of the United States, solely in its capacity as trustee under the Indenture (the "Trustee"), as lessee. *Capitalized terms used but not defined in this Site Lease have the meanings assigned to them in the Glossary attached to the State of Colorado Building Excellent Schools Today Master Trust Indenture dated August 12, 2009, as such Glossary may be amended, supplemented and restated from time to time.*

RECITALS

A. The Site Lessor owns the land described in attached Exhibit A hereto (the "Land") and the buildings, structures and improvements now or hereafter located on the Land (the Land and such buildings, structures and improvements, collectively, are referred to as the "Leased Property").

B. The Site Lessor is authorized by title 22, C.R.S. to, and will, lease the Leased Property to the Trustee pursuant to this Site Lease. The State Treasurer, on behalf of the State and on the instructions of the Assistance Board, will lease the Leased Property from the Trustee pursuant to the 2009A Lease.

C. The State Treasurer, on behalf of the State, on the instructions of the Assistance Board and as authorized under the Act, will sublease the Leased Property to the Site Lessor as Sublessee under a Sublease.

D. Proceeds of the Series 2009A Certificates issued pursuant to the Indenture will be used to finance the Project of the Site Lessor as Sublessee.

AGREEMENT

For and in consideration of the mutual covenants and the representations, covenants and warranties herein contained, the parties hereto hereby agree as follows:

ARTICLE I

CERTIFICATIONS, REPRESENTATIONS AND AGREEMENTS

Section 1.01. Representations, Covenants and Warranties by Trustee. The Trustee hereby certifies, represents and agrees that all the certifications, representations and agreements of the Trustee set forth in Section 6.01 of the Master Indenture are true and accurate and makes the same certifications, representations and agreements under this Site Lease as if set forth in full herein.

Section 1.02. Certifications, Representations and Agreements by Site Lessor. The Site Lessor certifies, represents and agrees that:

(a) The Site Lessor is an Eligible K-12 Institution that is duly organized, validly existing and in good standing under Colorado and is authorized under title 22, C.R.S., to lease the Leased Property to the Trustee pursuant to this Site Lease, to lease the Leased Property from the State pursuant to a Sublease, to issue its Matching Money Bond and to execute, deliver and perform its obligations under this Site Lease, the Sublease and its Matching Money Bond.

(b) The Site Lessor is the owner of the fee interest in the Leased Property, subject only to Permitted Encumbrances.

(c) The execution, delivery and performance of this Site Lease have been duly authorized by the Governing Body of the Site Lessor.

(d) The Site Lessor has received all approvals and consents required for the Site Lessor's execution, delivery and performance of its obligations under this Site Lease.

(e) This Site Lease has been duly executed and delivered by the Site Lessor and is enforceable against the Site Lessor in accordance with its terms, limited only by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, by equitable principles, whether considered at law or in equity, by the exercise by the State and its governmental bodies of the police power inherent in the sovereignty of the State and by the exercise by the United States of America of the powers delegated to it by the Constitution of the United States of America.

(f) The execution, delivery and performance this Site Lease does not and will not conflict with or result in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which the Site Lessor is now a party or by which the Site Lessor is bound, or constitute a default under any of the foregoing, violate any Requirement of Law applicable to the Site Lessor, or, except as specifically provided in the 2009A Lease, the Indenture and the Site Lessor's Sublease, result in the creation or imposition of a lien or encumbrance whatsoever upon any of the property or assets of the Site Lessor.

(g) There is no litigation or proceeding pending or threatened against the Site Lessor or any other Person affecting the right of the Site Lessor to execute, deliver or perform the obligations of the Site Lessor under this Site Lease.

(h) The Site Lessor will receive economic and other benefits by the leasing of the Leased Property by the Site Lessor pursuant to this Site Lease. The initial Leased Property leased pursuant to this Site Lease is, and any Leased Property substituted for the initial Leased Property will be, property that is necessary and essential to the purposes and operations of the Site Lessor. The Site Lessor expects that the Leased Property will adequately serve the needs for which it is being leased throughout the Scheduled Site Lease Term.

(i) The Site Lessor is not aware of any current violation of any Requirement of Law relating to the Leased Property.

ARTICLE II

DEMISING CLAUSE; ENJOYMENT OF LEASED PROPERTY

Section 2.01. Demising Clause. The Site Lessor demises and leases the land described in Exhibit A hereto (the “Land” for purposes of this Site Lease) and the buildings, structures and improvements now or hereafter located on the Land (the “Leased Property” for purposes of this Site Lease) to the Trustee in accordance with the terms of this Site Lease, subject only to Permitted Encumbrances, to have and to hold for the Site Lease Term.

Section 2.02. Enjoyment of Leased Property. The Site Lessor covenants that, during the Site Lease Term and so long as no Event of Default hereunder shall have occurred, the Trustee shall peaceably and quietly have, hold and enjoy the Leased Property without suit, trouble or hindrance from the Site Lessor, except as expressly required or permitted by this Site Lease.

ARTICLE III

SITE LEASE TERM; TERMINATION OF SITE LEASE

Section 3.01. Site Lease Term.

(a) The Site Lease Term shall commence on the date this Site Lease is executed and delivered and shall expire upon the earliest of any of the following events:

(i) August __, 20__; [~~2009A CERTIFICATES FINAL MATURITY PLUS X YEARS~~]12, 2039;

(ii) the purchase of all the Leased Property subject to the 2009A Lease by the State pursuant to Section 8.01 of the 2009A Lease;

(iii) the conveyance of the Leased Property to the Site Lessor as Sublessee pursuant to Article VIII of the Site Lessor’s Sublease; or

(iv) termination of this Site Lease following an Event of Default under this Site Lease in accordance with Section 10.02(a) hereof.

Section 3.02. Effect of Termination of Site Lease Term. Upon termination of the Site Lease Term, all unaccrued obligations of the Trustee hereunder shall terminate, but all obligations of the Trustee that have accrued hereunder prior to such termination shall continue until they are discharged in full.

Section 3.03. Cancellation and Release of Site Lease Upon Cancellation of Site Lessor’s Sublease by State. Notwithstanding any other provision hereof, if the State cancels the

Site Lessor's Sublease pursuant to Section 3.03 of such Sublease, the Trustee shall cancel and release this Site Lease.

ARTICLE IV

SITE LESSOR IS THIRD PARTY BENEFICIARY OF CERTAIN COVENANTS OF STATE IN 2009A LEASE

The Site Lessor and its successors and assigns are intended third party beneficiaries of the covenants of the State in Articles VI and VII and Section 9.02, 9.03(a) and 12.02 and of the Trustee in Section 9.03(b) of the 2009A Lease (the "Site Lessor Protection Provisions"). If the 2009A Lease is terminated for any reason, this Site Lease is not terminated and the Trustee leases or subleases all or any portion of the Leased Property or assigns an interest in this Site Lease, as a condition to such lease, sublease or assignment, the lessee, sublessee or assignee must execute an instrument, in form and substance reasonably satisfactory to the Site Lessor, that contains substantially the same covenants as the Site Lessor Protection Provisions and names the Site Lessor and its successors and assigns as intended third party beneficiaries of such covenants. Any provision of this Site Lease that is similar to any of the Site Lessor Protection Provisions shall not be interpreted to limit or restrict the rights of the Site Lessor under this Article.

ARTICLE V

RENT

The Trustee is not obligated to pay any rent under this Site Lease. The consideration to the Site Lessor for the right to use the Leased Property during the Site Lease Term is the deposit of proceeds of the Series 2009A Certificates into the Site Lessor's Project Account held by the Trustee under the Indenture to finance the Site Lessor's Project. The provisions of Article IV of this Site Lease are intended to assure that the State or another lessee, sublessee or assignee pays Additional Rent in accordance with the 2009A Lease or an amount equal to the Additional Rent that would have been paid under the 2009A Lease under another instrument executed and delivered pursuant to Article IV of this Site Lease.

ARTICLE VI

TITLE TO LEASED PROPERTY; ENCUMBRANCES, EASEMENTS, MODIFICATIONS, SUBSTITUTION, DAMAGE, PERSONAL PROPERTY

Section 6.01. Title to Leased Property. Title to the Leased Property shall be held in the name of the Site Lessor, subject to this Site Lease, the 2009A Lease and the Site Lessor's Sublease.

Section 6.02. Limitations on Disposition of and Encumbrances on Leased Property. Except as otherwise permitted in this Article or Article VII or VIII hereof and except for Permitted Encumbrances, the Site Lessor shall not sell, assign, transfer or convey any portion of or any interest in the Leased Property or directly or indirectly create, incur or assume any mortgage, pledge, lien, charge, encumbrance or claim on or with respect to the Leased Property.

Section 6.03. Granting of Easements. The Site Lessor shall, at the request of the Trustee or the State consent to grants of easements, licenses, rights-of-way and other rights or privileges in the nature of easements with respect to the Leased Property on the same terms and in the same manner as the Trustee is required to do so pursuant to Section 7.03 of the 2009A Lease.

Section 6.04. Subleasing and Other Grants of Use. The Trustee is expressly authorized to lease or sublease the Leased Property to the State pursuant to the 2009A Lease. The State is expressly authorized to sublease the Leased Property to the Site Lessor as Sublessee pursuant to the Site Lessor's Sublease. The Trustee is expressly authorized to lease or sublease the Leased Property to or create other interests in the Leased Property for the benefit of any other Person or Persons in connection with the exercise of the Trustee's remedies under the 2009A Lease and the Indenture following an Event of Default or Event of Nonappropriation under the 2009A Lease.

Section 6.05. Substitution of Other Property for Leased Property. If the State substitutes other real property under the 2009A Lease for any portion of the Site Lessor's Leased Property, the property so substituted under the 2009A Lease may also be substituted for Leased Property under this Site Lease in any manner and on any terms determined by the State in its sole discretion.

Section 6.06. Property Damage, Defect or Title Event. If a Property Damage, Defect or Title Event occurs with respect to any portion of the Leased Property, the Net Proceeds received as a consequence thereof shall be deposited and used in accordance with Section 7.07 of the 2009A Lease.

Section 6.07. Condemnation by State or Site Lessor. In the event the State brings an eminent domain or condemnation proceeding with respect to the Leased Property and the 2009A Lease has not terminated, the terms of Section 7.08 of the 2009A Lease shall apply. In the event the Site Lessor brings an eminent domain or condemnation proceeding with respect to the Leased Property and the Site Lessor's Sublease has not terminated, the terms of Section 7.08 of the Site Lessor's Sublease shall apply. If (a) the 2009A Lease or the Site Lessor's Sublease are terminated for any reason, (b) this Site Lease is not terminated and (c) the Trustee leases or subleases all or any portion of the Leased Property or assigns an interest in this Site Lease to a governmental entity that has eminent domain or condemnation powers, such lease or sublease shall include a provision similar to Section 7.08 of the Site Lessor's Sublease.

Section 6.08. Personal Property of Trustee, State and Others. The Trustee, the State and any other Person who has the right to use the Leased Property under this Site Lease, the 2009A Lease or the Site Lessor's Sublease, at its own expense, may install equipment and other personal property in or on any portion of the Leased Property, which equipment or other personal property shall not become part of the Leased Property unless it is permanently affixed to the Leased Property or removal of it would materially damage the Leased Property, in which case it will become part of the Leased Property.

ARTICLE VII

LICENSES AND SHARED UTILITIES

Section 7.01. Access Licenses. The Site Lessor grants to the Trustee and its subtenants, successors and assigns, and the tenants, customers, employees and invitees of all of them, during the Site Lease Term, a non-exclusive blanket license over, upon and through the roadways, drive lanes, parking areas and sidewalks now or hereafter located on real property owned by the Site Lessor that is adjacent to but not included in the Leased Property (the “Access Area”) for the purpose of walking upon, moving equipment and goods and supplies through and driving vehicles upon, over and across all of the sidewalk areas, entrances, drives, lanes and parking areas, alleys and other areas for ingress and egress to and from the Leased Property; provided that such license shall not conflict with or adversely affect the use of the Access Area by the Site Lessor and its subtenants, successors and assigns, and the tenants, customers, employees and invitees of all of them. The Trustee grants to the Site Lessor and its subtenants, successors and assigns, and the tenants, customers, employees and invitees of all of them, a non-exclusive blanket license over, upon and through the roadways, drive lanes, parking areas and sidewalks now or hereafter located on the Leased Property for the purpose of walking upon, moving equipment and goods and supplies through and driving vehicles upon, over and across all of the sidewalk areas, entrances, drives, lanes and parking areas, alleys and other areas for ingress and egress to and from the Access Area; provided that such license shall not conflict with or adversely affect the Trustee’s use of the Leased Property.

Section 7.02. Appurtenant Staging Areas Licenses. The Site Lessor grants to the Trustee and its subtenants, successors and assigns, and the tenants, customers, employees and invitees of all of them, during the Site Lease Term, non-exclusive licenses over, upon and through real property owned by the Site Lessor that is adjacent to but not included in the Leased Property (the “Appurtenant Staging Area”) for the purposes of constructing, placing, operating and maintaining all necessary pipes, vents, conduits, wires and utilities necessary to maintain and operate the Leased Property and for the maintenance of any nonmaterial encroachments of the improvements constituting the Leased Property; provided that such license shall not adversely affect the use of the Appurtenant Staging Area by the Site Lessor and its subtenants, successors and assigns, and the tenants, customers, employees and invitees of all of them. The Trustee grants to the Site Lessor and its subtenants, successors and assigns, and the tenants, customers, employees and invitees of all of them, during the Site Lease Term, non-exclusive licenses over, upon and through the Leased Property for the purposes of constructing, placing, operating and maintaining all necessary pipes, vents, conduits, wires and utilities necessary to maintain and operate the Appurtenant Staging Area and for the maintenance of any nonmaterial encroachments of the improvements constituting the Appurtenant Staging Area; provided that such license shall not adversely affect the use of the Leased Property by the Trustee and its subtenants, successors and assigns, and the tenants, customers, employees and invitees of all of them.

Section 7.03. Offsite Parking Licenses. The Site Lessor grants to the Trustee and its subtenants, successors and assigns, and the tenants, customers, employees and invitees of all of them, during the Site Lease Term, a non-exclusive license for the use of areas designated as parking areas, and access to and from such parking areas, now or hereafter located on real property owned by the Site Lessor but not included in the Leased Property (the “Offsite Parking

Area”) for the purpose of parking of passenger vehicles (buses and similar vehicles excluded) in connection with the use of the Leased Property by the Trustee and its subtenants, successors and assigns, and the tenants, customers, employees and invitees of all of them; provided that such license shall not conflict with or adversely affect the use of the Offsite Parking Area by the Site Lessor and its subtenants, successors and assigns, and the tenants, customers, employees and invitees of all of them; and provided, further that, the Site Lessor reserves the right to implement and enforce reasonable rules and regulations for the use of the Offsite Parking Area, including, without limitation: (a) to direct and regulate vehicular traffic and provide safe vehicular access to and from the Offsite Parking Area; (b) to specify and enforce rules and regulations with regard to the use of the Offsite Parking Area spaces; (c) to designate certain parking spaces to be used only by handicapped drivers, employees or visitors; (d) to implement and enforce parking fees and fines; and (e) to restrict time periods for permitted parking. The Trustee grants to the Site Lessor and its subtenants, successors and assigns, and the tenants, customers, employees and invitees of all of them, during the Site Lease Term, a non-exclusive license for the use of areas designated as parking areas, and access to and from such parking areas, now or hereafter located on the Leased Property (the “Onsite Parking Area”) for the purpose of parking of passenger vehicles (buses and similar vehicles excluded) in connection with the use of other real property not included in the Leased Property by the Site Lessor and its subtenants, successors and assigns, and the tenants, customers, employees and invitees of all of them; provided that such license shall not conflict with or adversely affect the use of the Onsite Parking Area by the Trustee and its subtenants, successors and assigns, and the tenants, customers, employees and invitees of all of them; and provided, further that, the Trustee reserves the right to implement and enforce reasonable rules and regulations for the use of the Onsite Parking Area similar to those implemented and enforced by the Site Lessor with respect to the Offsite Parking Area.

Section 7.04. Shared Utilities. The Site Lessor agrees to provide the Leased Property with all gas, water, steam, electricity, heat, power and other utilities provided by Site Lessor to the Leased Property on the date hereof on a continuous basis except for periods of repair. The Site Lessor shall be entitled to reimbursement for its actual and reasonable costs incurred in providing such utilities, determined in a fair and reasonable manner based on the use of such utilities by the Leased Property or portions thereof, the operational, maintenance and repair costs of such utilities elements and any costs to acquire or relocate any easements or lines relating to or used in connection with the operation of such utilities. Pursuant to the 2009A Lease, the State has agreed to reimburse the Trustee for such costs during the Lease Term of the 2009A Lease. Pursuant to the Site Lessor’s Sublease, the Site Lessor, as Sublessee, has agreed to reimburse the State for such costs during the Sublease Term of the Site Lessor’s Sublease. If, (a) the 2009A Lease is terminated for any reason, (b) this Site Lease is not terminated and (c) the Trustee leases or subleases all or any portion of the Leased Property or assigns an interest in this Site Lease, the lessee, sublessee or assignee, as a condition to such lease, sublease or assignment, must agree to reimburse the Site Lessor for such costs.

ARTICLE VIII

GENERAL COVENANTS

Section 8.01. Further Assurances and Corrective Instruments. So long as this Site Lease is in full force and effect, the Trustee and the Site Lessor shall have full power to carry out

the acts and agreements provided herein and the Site Lessor and the Trustee, at the written request of the other, shall from time to time, execute, acknowledge and deliver or cause to be executed, acknowledged and delivered such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Leased Property leased or intended to be leased hereunder, or for otherwise carrying out the intention of or facilitating the performance of this Site Lease.

Section 8.02. Compliance with Requirements of Law. On and after the date hereof, the Site Lessor shall not take any action with respect to the Leased Property that violates the terms hereof or is contrary to the provisions of any Requirement of Law.

Section 8.03. Participation in Legal Actions. At the request of and at the cost of the Trustee or the State, the Site Lessor shall join and cooperate fully in any legal action in which the Trustee or a State asserts its right to the enjoyment of the Leased Property; that involves the imposition of any charges, costs or other obligations or liabilities on or with respect to the Leased Property or the enjoyment of the Leased Property by the Trustee or the State; or that involves the imposition of any charges, costs or other obligations with respect to the Trustee's execution, delivery and performance of its obligations under this Site Lease or the State's execution, delivery and performance of its obligations under a the 2009A Lease.

ARTICLE IX

LIMITS ON OBLIGATIONS

Section 9.01. Disclaimer of Warranties. THE SITE LESSOR MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR FITNESS FOR USE OF THE LEASED PROPERTY OR ANY OTHER REPRESENTATION OR WARRANTY WITH RESPECT TO THE LEASED PROPERTY. In no event shall the Site Lessor be liable for any incidental, special or consequential damage in connection with or arising out of this Site Lease or the existence, furnishing, functioning or use by the Trustee of any item, product or service provided for herein.

Section 9.02. Financial Obligations of Trustee Limited to Trust Estate. Notwithstanding any other provision hereof, all financial obligations of the Trustee under this Site Lease, except those resulting from its willful misconduct or negligence, are limited to the Trust Estate.

ARTICLE X

EVENTS OF DEFAULT AND REMEDIES

Section 10.01. Event of Default Defined. An "Event of Default" under this Site Lease shall be deemed to have occurred upon failure by the Trustee to observe and perform any covenant, condition or agreement on its part to be observed or performed for a period of 30 days after written notice, specifying such failure and requesting that it be remedied shall be given to

the Trustee by the Site Lessor, unless the Site Lessor shall consent in writing to an extension of such time prior to its expiration; provided, however, that:

(a) if the failure stated in the notice cannot be corrected within the applicable period, the Site Lessor shall not withhold its consent to an extension of such time if corrective action shall be instituted within the applicable period and diligently pursued until the default is corrected; and

(b) if, by reason of Force Majeure, the Trustee shall be unable in whole or in part to carry out any agreement on its part herein contained the Trustee shall not be deemed in default during the continuance of such inability; provided, however, that the Trustee shall, as promptly as legally and reasonably possible, remedy the cause or causes preventing the Trustee from carrying out such agreement, except that the settlement of strikes, lockouts and other industrial disturbances shall be solely within the discretion of the Trustee.

Section 10.02. Remedies on Default. Whenever any Event of Default shall have happened and be continuing, the Site Lessor may take one or any combination of the following remedial steps:

(a) terminate the Site Lease Term and give notice to the Trustee to immediately vacate the Leased Property;

(b) sell or lease its interest in all or any portion of the Leased Property, subject to the Site Lessor's purchase option in its capacity as Sublessee under its Sublease;

(c) enforce any provision of this Site Lease by equitable remedy, including, but not limited to, enforcement of the restrictions on assignment, encumbrance, conveyance, transfer or succession under Article XI hereof by specific performance, writ of mandamus or other injunctive relief; and

(d) take whatever action at law or in equity may appear necessary or desirable to enforce its rights in and to the Leased Property under this Site Lease, subject, however, to the limitations on the obligations of the Trustee set forth in Section 9.02 hereof.

Section 10.03. No Remedy Exclusive. Subject to Section 9.02 hereof, no remedy herein conferred upon or reserved to the Site Lessor is intended to be exclusive, and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Site Lessor to exercise any remedy reserved in this Article, it shall not be necessary to give any notice, other than such notice as may be required in this Article.

Section 10.04. Waivers. The Site Lessor may waive any Event of Default under this Site Lease and its consequences. In the event that any agreement contained herein should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

ARTICLE XI

TRANSFERS OF INTERESTS IN LEASE OR LEASED PROPERTY

Section 11.01. Assignment by Site Lessor. The Site Lessor shall not, except as otherwise provided elsewhere in this Site Lease, assign, convey or otherwise transfer to any Person any of the Site Lessor's interest in the Leased Property or the Site Lessor's rights, title or interest in, to or under this Site Lease.

Section 11.02. Transfer of the Trustee's Interest in Lease and Leased Property Prohibited. Except as otherwise permitted by Section 6.04 hereof with respect to subleasing or grants of use of the Leased Property and Section 6.05 hereof with respect to substitutions or as otherwise required by law, the Trustee shall not sublease, assign, encumber, convey or otherwise transfer all or any portion of its interest in this Site Lease or the Leased Property to any Person, whether now in existence or organized hereafter.

ARTICLE XII

MISCELLANEOUS

Section 12.01. Binding Effect. This Site Lease shall inure to the benefit of and shall be binding upon the Trustee and the Site Lessor and their respective successors and assigns, including, but not limited to, the State under the 2009A Lease and the Site Lessor in its capacity as Sublessee under its Sublease, subject, however, to the limitations set forth in Article XI hereof. This Site Lease and the covenants set forth herein are expressly intended to be covenants, conditions and restrictions running with the Leased Property and the leasehold estate in the Leased Property under this Site Lease.

Section 12.02. Interpretation and Construction. This Site Lease and all terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein to sustain the validity of this Site Lease. For purposes of this Site Lease, except as otherwise expressly provided or unless the context otherwise requires:

(a) All references in this Site Lease to designated "Articles," "Sections," "subsections," "paragraphs," "clauses" and other subdivisions are to the designated Articles, Sections, subsections, paragraphs, clauses and other subdivisions of this Site Lease. The words "herein," "hereof," "hereto," "hereby," "hereunder" and other words of similar import refer to this Site Lease as a whole and not to any particular Article, Section or other subdivision.

(b) The terms defined in the Glossary have the meanings assigned to them in the Glossary and include the plural as well as the singular.

(c) All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles as in effect from time to time.

(d) The term “money” includes any cash, check, deposit, investment security or other form in which any of the foregoing are held hereunder.

(e) In the computation of a period of time from a specified date to a later specified date, the word “from” means “from and including” and each of the words “to” and “until” means “to but excluding.”

Section 12.03. Acknowledgement of 2009A Lease and Site Lessor’s Sublease. The Trustee has received a copy of, and acknowledges the terms of, the 2009A Lease and the Site Lessor’s Sublease.

Section 12.04. Trustee, State and Sublessee Representatives. Whenever under the provisions hereof the approval of the Trustee, the State or the Site Lessor is required, or the Trustee, the State or the Site Lessor is required to take some action at the request of the other, unless otherwise provided, such approval or such request shall be given for the Trustee by the Trustee Representative, for the State by the State Representative and by the Site Lessor by the Sublessee Representative identified in the Site Lessor’s Sublease and the Trustee, the State and the Site Lessor shall be authorized to act on any such approval or request.

Section 12.05. Manner of Giving Notices. All notices, certificates or other communications hereunder shall be in writing and shall be deemed given when mailed by first class United States mail, postage prepaid, or when sent by facsimile transmission or electronic mail, addressed as follows: if to the Site Lessor, to _____, Attention: _____ Superintendent, facsimile number: _____, electronic mail address: _____; if to the Trustee, to Zions First National Bank, 1001 Seventeenth Street, Suite 1050, Denver, Colorado 80202, Attention: Corporate Trust Services, facsimile number: 720-947-7480, electronic mail address: corporatetrust@zionsbank.com; and if to the State, to Colorado State Treasurer, 140 State Capitol, Denver, CO 80203, Attention: Deputy State Treasurer, facsimile number: 303-866-2123, electronic mail address: eric.rothaus@state.co.us, with a copy to Colorado State Controller, 633 Seventeenth Street, Suite 1500, Denver, Colorado 80203, Attention: David J. McDermott, facsimile number: 303-866-4233, electronic mail address: david.mcdermott@state.co.us. Any notice party may, by written notice to the others, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

Section 12.06. No Individual Liability. All covenants, stipulations, promises, agreements and obligations of the Site Lessor or the Trustee, as the case may be, contained herein shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the Site Lessor or the Trustee, as the case may be, and not of any member, director, officer, employee, servant or other agent of the Site Lessor or the Trustee in his or her individual capacity, and no recourse shall be had on account of any such covenant, stipulation, promise, agreement or obligation, or for any claim based thereon or hereunder, against any member, director, officer, employee, servant or other agent of the Site Lessor or the Trustee or any natural person executing this Site Lease or any related document or instrument; provided that such person is acting within the scope of his or her employment, membership, directorship or agency, as applicable, and not in a manner that constitutes gross negligence or willful misconduct.

Section 12.07. Amendments, Changes and Modifications. Except as otherwise provided herein or in the Indenture, this Site Lease may only be amended, changed, modified or altered by a written instrument executed by the Site Lessor and the Trustee; and the Trustee shall, if and when requested by the State, execute and deliver any amendment to this Site Lease proposed by the State upon delivery to the Trustee of an opinion of Bond Counsel stating that such amendment does not violate the Indenture or the Leases.

Section 12.08. Events Occurring on Days that are not Business Days. If the date for making any payment or the last day for performance of any act or the exercising of any right under this Site Lease is a day that is not a Business Day, such payment may be made, such act may be performed or such right may be exercised on the next succeeding Business Day, with the same force and effect as if done on the nominal date provided in this Site Lease.

Section 12.09. Legal Description of Land Included in Leased Property. The legal description of the land included in the Leased Property subject to this Site Lease is set forth in Exhibit A hereto. If the land included in the Leased Property subject to this Site Lease is modified pursuant to the terms of this Site Lease or other land is substituted for land included in the Leased Property subject to this Site Lease pursuant to the terms of this Site Lease, the legal description set forth in Exhibit A hereto will be amended to describe the land included in the Leased Property subject to this Site Lease after such modification or substitution.

Section 12.10. Merger. The Site Lessor and the Trustee intend that the legal doctrine of merger shall have no application to this Site Lease, the 2009A Lease or the Sublessee's Sublease and that none of the execution and delivery of this Site Lease by the Site Lessor and the Trustee, the 2009A Lease by the Trustee and the State or the Site Lessor's Sublease by the State and the Site Lessor as Sublessor or the exercise of any remedies by any party under this Site Lease, the 2009A Lease or the Site Lessor's Sublease shall operate to terminate or extinguish this Site Lease, the 2009A Lease or the Site Lessor's Sublease.

Section 12.11. Severability. In the event that any provision of this Site Lease, other than the obligation of the Site Lessor to provide quiet enjoyment of the Leased Property, shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 12.12. Captions. The captions or headings herein are for convenience only and in no way define, limit or describe the scope or intent of any provisions or Sections of this Site Lease.

Section 12.13. Applicable Law. The laws of the State and rules and regulations issued pursuant thereto, as the same may be amended from time to time, shall be applied in the interpretation, execution and enforcement of this Site Lease. Any provision of this Site Lease, whether or not incorporated herein by reference, which provides for arbitration by an extra-judicial body or person or which is otherwise in conflict with said laws, rules and regulations shall be considered null and void. Nothing contained in any provision hereof or incorporated herein by reference which purports to negate this Section in whole or in part shall be valid or enforceable or available in any action at law whether by way of complaint, defense or otherwise. Any provision rendered null and void by the operation of this Section will not

invalidate the remainder of this Site Lease to the extent that this Site Lease is capable of execution. At all times during the performance of this Site Lease, the Site Lessor and the Trustee shall strictly adhere to all applicable federal and State laws, rules and regulations that have been or may hereafter be established.

Section 12.14. Execution in Counterparts. This Site Lease may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 12.15. Value of Land. The Site Lessor estimates that the value of the land included in the Leased Property as of the date this Site Lease is entered into is [INSERT APPROPRIATE NUMBER FOR THE SUBLESSEE'S LEASED PROPERTY FROM THIS LIST: Sangre de Cristo: \$32,667; Alamosa: \$226,000; Sargent: \$61,138].

[remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Trustee and the Site Lessor have executed this Site Lease as of the date first above written.

ZIONS FIRST NATIONAL BANK, solely in its capacity as trustee under the Indenture

By _____
Authorized Signatory

[_____]

By _____

[Signature Page to Site Lease of _____]

STATE OF COLORADO)
) ss.
CITY AND COUNTY OF DENVER)

The foregoing instrument was acknowledged before me this ____ day of August, 2009 by _____ as an authorized signatory of Zions First National Bank.

WITNESS MY HAND AND OFFICIAL SEAL, the day and year above written.

[NOTARIAL SEAL]

Notary

My commission expires:

STATE OF COLORADO)
) ss.
CITY AND COUNTY OF DENVER)

The foregoing instrument was acknowledged before me this ____ day of August, 2009, by
_____ as _____ of the Board of Education of
_____.

WITNESS MY HAND AND OFFICIAL SEAL, the day and year above written.

[NOTARIAL SEAL]

Notary

My commission expires:

EXHIBIT A

LEGAL DESCRIPTION OF LAND INCLUDED IN LEASED PROPERTY

INSERT THE APPROPRIATE LEGAL DESCRIPTION FOR THE SITE LESSOR'S LEASED PROPERTY FROM THE LEGAL DESCRIPTIONS SET FORTH BELOW:

1. LAND INCLUDED IN LEASED PROPERTY OF ALAMOSA SCHOOL DISTRICT RE-11J

A TRACT OF LAND SITUATED IN THE NORTH HALF OF THE SOUTHEAST QUARTER AND IN THE NORTHEAST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 9, TOWNSHIP 37 NORTH, RANGE 10 EAST OF THE NEW MEXICO PRINCIPAL MERIDIAN, BEING A PART OF WASHINGTON ADDITION TO ALAMOSA, COUNTY OF ALAMOSA, STATE OF COLORADO, AND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS TO-WIT:

CONSIDERING THE LINE BETWEEN THE CENTER QUARTER CORNER AND THE EAST QUARTER CORNER OF SAID SECTION 9 AS BEARING S89°47'26"E AND WITH ALL BEARINGS CONTAINED HEREIN RELATIVE THERETO;

COMMENCING AT THE EAST QUARTER CORNER OF SAID SECTION 9; THENCE S82°35'29"W A DISTANCE OF 2427.60 FEET TO A POINT ON THE SOUTH RIGHT-OF-WAY LINE FOR WEST 8TH STREET IN ALAMOSA AND THE **TRUE POINT OF BEGINNING**;

THENCE S00°12'51"W A DISTANCE OF 395.00 FEET;
THENCE S89°47'09"E A DISTANCE OF 450.00 FEET;
THENCE S00°12'51"W A DISTANCE OF 30.00 FEET;
THENCE S89°47'09"E A DISTANCE OF 270.00 FEET;
THENCE S00°12'51"W A DISTANCE OF 425.00 FEET TO A POINT ON THE NORTH RIGHT-OF-WAY LINE FOR WEST 10TH STREET;
THENCE N89°47'09"W ALONG THE NORTH RIGHT-OF-WAY LINE FOR WEST 10TH STREET A DISTANCE OF 1710.00 FEET;
THENCE N00°12'51"E A DISTANCE 850.00 FEET TO A POINT ON THE SOUTH RIGHT-OF-WAY LINE FOR WEST 8TH STREET;
THENCE S89°47'09"E ALONG SAID SOUTH RIGHT-OF-WAY LINE A DISTANCE OF 990.00 FEET TO THE **TRUE POINT OF BEGINNING**.

2. LAND INCLUDED IN LEASED PROPERTY OF SANGRE DE CRISTO SCHOOL
DISTRICT RE-22J

Parcel 2,
FRYE DIVISION OF LAND NO. 1, according to the Plat thereof
recorded May 11, 2009 at Reception No. 338506,
County of Alamosa,
State of Colorado.

3. LAND INCLUDED IN LEASED PROPERTY OF SARGENT SCHOOL DISTRICT RE-33J

A TRACT OF LAND SITUATED IN THE SOUTHWEST QUARTER OF SECTION 28, TOWNSHIP 40 NORTH, RANGE 8 EAST, NEW MEXICO PRINCIPAL MERIDIAN, RIO GRANDE COUNTY, COLORADO, AND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS TO-WIT:

CONSIDERING THE WEST LINE OF THE SOUTHWEST QUARTER OF SAID SECTION 28 AS BEARING N00°12'30"E AND WITH ALL BEARINGS CONTAINED HEREIN RELATIVE THERETO:

COMMENCING AT THE SOUTHWEST CORNER OF SAID SECTION 28; THENCE N28°46'48"E A DISTANCE OF 416.98 FEET TO THE **TRUE POINT OF BEGINNING**;

THENCE NORTH 79.67 FEET;
THENCE EAST 40.62 FEET;
THENCE NORTH 113.75 FEET;
THENCE WEST 107.50 FEET;
THENCE NORTH 26.58 FEET;
THENCE WEST 15.92 FEET;
THENCE NORTH 30.60 FEET;
THENCE EAST 15.97 FEET;
THENCE NORTH 28.58 FEET;
THENCE EAST 246.62 FEET;
THENCE SOUTH 85.77 FEET;
THENCE WEST 13.79 FEET;
THENCE SOUTH 58.08 FEET;
THENCE EAST 13.33 FEET;
THENCE SOUTH 150.00 FEET;
THENCE WEST 80.21 FEET;
THENCE NORTH 14.67 FEET;
THENCE WEST 99.12 FEET TO THE **TRUE POINT OF BEGINNING**;

AND THE FOLLOWING PARCEL MORE PARTICULARLY DESCRIBED AS FOLLOWS:

A PARCEL SITUATED IN THE SOUTHWEST QUARTER OF SECTION 28, TOWNSHIP 40 NORTH, RANGE 8 EAST, NEW MEXICO PRINCIPAL MERIDIAN, RIO GRANDE COUNTY, COLORADO, AND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS TO-WIT:

CONSIDERING THE WEST LINE OF THE SOUTHWEST QUARTER OF SAID SECTION 28 AS BEARING N00°12'30"E AND WITH ALL BEARINGS CONTAINED HEREIN RELATIVE THERETO:

COMMENCING AT THE SOUTHWEST CORNER OF SAID SECTION 28:
THENCE N03°08'22"E A DISTANCE OF 586.66 FEET TO A POINT ON THE EAST RIGHT-
OF-WAY LINE FOR COUNTY ROAD 2 EAST AND THE **TRUE POINT OF BEGINNING**:

THENCE N00°12'30"E ALONG THE EAST RIGHT-OF-WAY LINE FOR SAID COUNTY
ROAD 2 EAST A DISTANCE OF 30.60 FEET;
THENCE S89°47'30"E A DISTANCE OF 85.71 FEET;
THENCE SOUTH 30.60 FEET;
THENCE N89°47'30"W A DISTANCE OF 85.82 FEET TO THE **TRUE POINT OF**
BEGINNING.

LEGAL DESCRIPTION PREPARED BY:
REYNOLDS ENGINEERING COMPANY
MARTIN REYNOLDS, PLS #23847

After recording return to:
Michael R. Johnson
Kutak Rock LLP
1801 California Street, Suite 3100
Denver, Colorado 80202

FORM OF
STATE OF COLORADO
BUILDING EXCELLENT SCHOOLS TODAY
SUBLEASE OF [NAME OF SUBLESSEE]

by and between

STATE OF COLORADO,
acting by and through the State Treasurer,
and
PUBLIC SCHOOL CAPITAL CONSTRUCTION ASSISTANCE BOARD,
acting on behalf of the State of Colorado,
both as sublessor

and

_____,
as sublessee

Dated as of August 12, 2009

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**STATE OF COLORADO
BUILDING EXCELLENT SCHOOLS TODAY
SUBLEASE OF [NAME OF INSTITUTION]**

This State of Colorado Building Excellent Schools Today Sublease of [name of institution] (this "Sublease") is dated as of August , 12, 2009 and is entered into by and between the State of Colorado, acting by and through the State Treasurer, and the Public School Capital Construction Assistance Board, acting on behalf of the State (collectively, the "State"), both as sublessor, and [name of school district], as sublessee (the "Sublessee"). *Capitalized terms used but not defined in this Sublease have the meanings assigned to them in the Glossary attached to the State of Colorado Building Excellent Schools Today Master Trust Indenture dated August , 12, 2009, as such Glossary may be amended, supplemented and restated from time to time.*

RECITALS

A. The Sublessee has leased the Leased Property to the Trustee pursuant to a Site Lease. The State Treasurer, on behalf of the State and on the instructions of the Assistance Board, has leased the Leased Property from the Trustee pursuant to the 2009A Lease.

B. The State, acting by and through the State Treasurer on the instructions of the Assistance Board set forth in a resolution adopted by the Assistance Board on June 29, 2009 and as authorized under the Act, and the Assistance Board, acting on behalf of the State and as authorized under the Act, will sublease the Leased Property to the Sublessee pursuant to this Sublease; and the Sublessee, as authorized by title 22, C.R.S. and action of its Governing Body, will sublease the Leased Property from the State pursuant to this Sublease.

C. The Sublessee has delivered a Matching Moneys Bond to the State Treasurer, acting on behalf of the State, to satisfy the Sublessee's obligation to pay Matching Moneys to the State with respect to the Sublessee's Project.

D. Proceeds of the Series 2009A Certificates issued pursuant to the Indenture will be used to finance the Project of the Sublessee.

AGREEMENT

For and in consideration of the mutual covenants and the representations, covenants and warranties herein contained, the parties hereto hereby agree as follows:

ARTICLE I

CERTIFICATIONS, REPRESENTATIONS AND AGREEMENTS

Section 1.01. Certifications, Representations and Agreements by State. The State hereby certifies, represents and agrees that:

(a) The State Treasurer, pursuant to § 22-43.7-110(2)(f) of the Act, has reviewed this Sublease and ~~provided, by executing this Sublease, is providing~~ written authorization to the Assistance Board to enter into it. The State Treasurer, acting on behalf of the State, is entering into this Sublease pursuant to the instructions of the Assistance Board set forth in a resolution of the Assistance Board adopted on June 29, 2009.

(b) The State is authorized under the Act to lease the Leased Property to the Sublessee pursuant to this Sublease and to execute, deliver and perform its obligations under this Sublease.

(c) This Sublease has been duly executed and delivered by the State and is valid and binding obligation enforceable against the State in accordance with its terms, limited only by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, by equitable principles, whether considered at law or in equity, by the exercise by the State and its governmental bodies of the police power inherent in the sovereignty of the State and by the exercise by the United States of America of the powers delegated to it by the Constitution of the United States of America.

(d) The execution, delivery and performance of the terms of this Sublease by the State does not and will not conflict with or result in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which the State is now a party or by which the State is bound, or constitute a default under any of the foregoing, violate any Requirement of Law applicable to the State, or, except as specifically provided in the 2009A Lease, the Indenture, this Sublease or the Sublessee's Site Lease, result in the creation or imposition of a lien or encumbrance whatsoever upon any of the property or assets of the State.

(e) There is no litigation or proceeding pending or threatened against the State or any other Person affecting the right of the State to execute, deliver or perform its obligations of the State under this Sublease.

Section 1.02. Certifications, Representations and Agreements by Sublessee. The Sublessee certifies, represents and agrees that:

(a) The Sublessee is an Eligible K-12 Institution that is duly organized, validly existing and in good standing under Colorado law and is authorized under title 22, C.R.S., to lease the Leased Property to the Trustee pursuant to the Site Lease, to sublease the Leased Property from the State pursuant to this Sublease, to issue the Sublessee's Matching Moneys Bond and to execute, deliver and perform its obligations under this Sublease, the Sublessee's Site Lease and Sublessee's Matching Moneys Bond.

(b) The Sublessee's Project is a capital construction project as defined in the Act and all moneys requisitioned from the Sublessee's Project Account pursuant to Section 4.10 hereof will be used to pay costs of capital construction as defined in the Act.

(c) The execution, delivery and performance of this Sublease, the Sublessee's Site Lease and the Sublessee's Matching Moneys Bond have been duly authorized by the Governing Body of the Sublessee.

(d) The Sublessee has received all approvals and consents required for the Sublessee's execution, delivery and performance of its obligations under this Sublease, the Sublessee's Site Lease and the Sublessee's Matching Moneys Bond.

(e) This Sublease, the Sublessee's Site Lease and the Sublessee's Matching Moneys Bond have been duly executed and delivered by the Sublessee and are valid and binding obligations enforceable against the Sublessee in accordance with their respective terms, limited only by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, by equitable principles, whether considered at law or in equity, by the exercise by the State and its governmental bodies of the police power inherent in the sovereignty of the State and by the exercise by the United States of America of the powers delegated to it by the Constitution of the United States of America.

(f) The execution, delivery and performance of this Sublease, the Sublessee's Site Lease and the Sublessee's Matching Moneys Bond do not and will not conflict with or result in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which the Sublessee is now a party or by which the Sublessee is bound, or constitute a default under any of the foregoing, violate any Requirement of Law applicable to the Sublessee, or, except as specifically provided in the 2009A Lease, the Indenture, this Sublease or the Sublessee's Site Lease, result in the creation or imposition of a lien or encumbrance whatsoever upon any of the property or assets of the Sublessee.

(g) There is no litigation or proceeding pending or threatened against the Sublessee affecting the right of the Sublessee to execute, deliver or perform its obligations under this Sublease, the Sublessee's Site Lease or the Sublessee's Matching Moneys Bond.

(h) The Sublessee will receive economic and other benefits by the subleasing of the Leased Property by the Sublessee pursuant to this Sublease. The initial Leased Property is, and any Leased Property substituted for the initial Leased Property will be, property that is necessary and essential to the purposes and operations of the Sublessee. The Sublessee expects that the Leased Property will adequately serve the needs for which it is being subleased throughout the Scheduled Sublease Term.

(i) The Sublessee's Proportionate Share of the Base Rent payable by the State under the 2009A Lease in each Fiscal Year during the Lease Term of the 2009A Lease is not more than the fair value of the use of the Sublessee's Leased Property during such Fiscal Year.

(j) The sum of the principal, premium, if any, and interest payable by the Sublessee under its Matching Moneys Bond and the Additional Rent payable by the

Sublessee under this Sublease in each Fiscal Year during the Sublease Term does not exceed a reasonable amount so as to place the Sublessee under an economic compulsion to take one of the following actions in order to avoid forfeiting such excess (i) to continue this Sublease beyond any Fiscal Year, (ii) not to exercise its right to terminate this Sublease at any time through an Event of Nonappropriation or (iii) to exercise its option to purchase the Leased Property hereunder. The Sublessee's Purchase Option Price pursuant to Section 8.01 hereof is the Sublessee's current best estimate of the fair purchase price of the Leased Property that will be in effect at the time of exercise of the Sublessee's option to purchase the Leased Property pursuant to such Section. The Scheduled Sublease Term of this Sublease does not exceed the weighted average useful life of the improvements or any other real property improvements included in the Leased Property. In making the representations, covenants and warranties set forth above in this subsection and the immediately preceding subsection of this Section, the Sublessee has given due consideration to the Sublessee's Project, the purposes for which the Leased Property will be used by the Sublessee, the benefits to the Sublessee from the use of the Leased Property, the Sublessee's option to purchase the Leased Property hereunder and the terms of this Sublease governing the use of the Leased Property.

(k) The Sublessee presently intends and expects to continue the Sublease Term annually until title to the Leased Property is acquired by the Sublessee pursuant to this Sublease; but this representation does not obligate or otherwise bind the Sublessee.

(l) The Sublessee is not aware of any current violation of any Requirement of Law relating to the Leased Property.

(m) The Governing Body of the Sublessee has appropriated sufficient moneys to pay the Additional Rent estimated to be payable hereunder and the principal and interest payable under its Matching Moneys Bond in the current Fiscal Year.

(n) The certifications, representations and agreements with respect to federal income tax matters set forth in Exhibit A hereto are hereby incorporated in this Sublease as if set forth in full in this subsection.

ARTICLE II

DEMISING CLAUSE; ENJOYMENT OF LEASED PROPERTY

Section 2.01. Demising Clause. The State demises and leases the State's leasehold estate under the 2009A Lease in the land described in Exhibit B hereto (the "Land" for purposes of this Sublease) and the buildings, structures and improvements now or hereafter located on the Land (together with the Land, the "Leased Property" for purposes of this Sublease) to the Sublessee in accordance with the terms of this Sublease, subject only to Permitted Encumbrances, to have and to hold for the Sublease Term.

Section 2.02. Enjoyment of Leased Property. The State covenants that, during the Sublease Term and so long as no Event of Default hereunder shall have occurred, the Sublessee

shall peaceably and quietly have, hold and enjoy the Leased Property without suit, trouble or hindrance from the State, except as expressly required or permitted by this Sublease.

ARTICLE III

SUBLEASE TERM; TERMINATION OF SUBLEASE TERM

Section 3.01. Sublease Term.

(a) The Sublease Term is the Initial Term and successive one-year Renewal Terms, subject to subsection (b) of this Section.

(b) The Sublease Term shall expire upon the earliest of any of the following events:

(i) termination of the 2009A Lease in accordance with its terms;

(ii) June 30 of the Initial Term or June 30 of any Renewal Term during which, in either case, an Event of Nonappropriation under this Sublease has occurred; or

(iii) termination of this Sublease following an Event of Default under this Sublease in accordance with Section 11.02(a) hereof.

Section 3.02. Effect of Termination of Sublease Term. Upon termination of the Sublease Term:

(a) all unaccrued obligations of the Sublessee under this Sublease shall terminate, but all such obligations of the Sublessee that have accrued hereunder prior to such termination shall continue until they are discharged in full; and

(b) if the termination occurs because of the occurrence of an Event of Nonappropriation or an Event of Default under this Sublease or because of the termination of the 2009A Lease as a result of an Event of Nonappropriation or an Event of Default under the 2009A Lease, the Sublessee's right to possession of the Leased Property hereunder shall terminate and (i) the Sublessee shall, within 90 days, vacate the Leased Property; and (ii) if and to the extent the Governing Body of the Sublessee has appropriated funds for payment of Additional Rent payable during, or with respect to the Sublessee's use of the Leased Property during, the period between termination of the Sublease Term and the date the Leased Property is vacated pursuant to clause (i), the Sublessee shall pay Additional Rent to the Person entitled thereto; and

(c) the obligations of the Sublessee under the Sublessee's Matching Moneys Bond shall continue until all amounts payable under the Sublessee's Matching Moneys Bond are paid in full or the Sublessee's Matching Moneys Bond is redeemed or cancelled in accordance with its terms.

Section 3.03. Cancellation of Sublease by State. Notwithstanding any other provision hereof, the State, in its sole discretion, may cancel this Sublease at any time if, on or before September 1, 2010, (a) the Trustee has not received the title insurance policy for the Sublessee's Leased Property described in paragraph 1 of the form of requisition attached as Appendix A to the Master Indenture and (b) ~~the State has not approved~~ Sublessee has not entered into and does not have a reasonable expectation that it will enter into one or more Project Contracts for the Sublessee's Project as described in paragraph 2 of the form of requisition attached as Appendix A to the Master Indenture. The State shall deliver written notice to the Sublessee specifying the effective date of any such cancellation at least 15 days prior to the effective date of the cancellation. Upon cancellation, the Sublessee shall have no further rights under this Sublease, the State may direct the Trustee to use the moneys in the Sublessee's Project Account for the Costs of another Project or for any purpose permitted under the Indenture, the State shall cancel and return to the Sublessee the Sublessee's Matching Moneys Bond, the Sublessee shall execute and deliver to the State a release of this Sublease and the State shall cause the Trustee to cancel and release the Sublessee's Site Lease.

ARTICLE IV

PROJECT

Section 4.01. Sublessee to Construct Project in Accordance with Specifications. The Sublessee shall construct the Project (the "Work") in accordance with (a) the Public School Facility Capital Construction Guidelines established by the Assistance Board pursuant to the Act; and (b) the Specifications attached hereto as Exhibit ~~CB~~, with such changes in the Specifications, if any, (i) that are in accordance with the Public School Capital Construction Guidelines and (ii) are approved by the State in writing.

Section 4.02. Completion Date.

(a) The Sublessee shall cause the Work to be done promptly and with due diligence and shall use its best efforts to cause the Completion Date to occur by the third anniversary of this Sublease (the "Scheduled Completion Date"). The "Completion Date" is the date the Sublessee delivers a certificate (the "Completion Certificate") to the State and the Trustee (i) stating that to the best of the Sublessee's knowledge, based upon the representations of contractors, architects, engineers, vendors or other consultants, (A) the Project has been completed in accordance with Section 4.01 hereof and (B) except for any amounts estimated by the Sublessee to be necessary for payment of any Costs of the Project not then due and payable and costs of the Project included in requisitions that have been submitted to the Trustee but have not yet been paid by the Trustee, all Costs of the Project have been paid; (ii) stating that the real property improved by the Project has been insured in accordance with Section 6.01 hereof in the dollar amount set forth in such certificate or the certificate of insurance attached thereto; and (iii) to which is attached a certificate of insurance in which the insurer certifies that the real property improved by the Project has been insured by such insurer in the dollar amount set forth therein.

(b) If the Completion Date does not occur by the Scheduled Completion Date for any reason other than Force Majeure, the State or the Trustee, with the consent of the

State, may, but shall not be required to, retain a Person other than the Sublessee to complete the Project and recover from the Sublessee all reasonable costs incurred by or on behalf of the State or the Trustee in completing the Project.

Section 4.03. Contractor Guarantees. The Sublessee shall cause each Contractor with which the Sublessee contracts directly to guarantee all Work performed by it or any ~~subcontractor~~subcontractor or other Person performing Work on its behalf against defective workmanship and materials for a period of one year after the Completion Date, provided that such one year period shall not begin with respect to any item that is not completed on the Completion Date until such item is completed. The Sublessee shall assign to the State any guarantee of workmanship and materials which it may receive but shall retain the right to enforce such guarantee directly.

Section 4.04. Performance and Payment Bonds. The Sublessee shall require that each Contractor provide a performance bond and a separate labor and material payment bond, which shall (a) be executed by a corporate surety licensed to do business in the State, (b) be in customary form, (c) be in the amount payable to such Contractor pursuant to its Project Contract and (d) be payable to the Sublessee. If, at any time prior to completion of the Work covered by any such bond, the surety shall be disqualified from doing business within the State, a new bond shall be provided from an alternate surety licensed to do business in the State. The amount of each bond shall be increased or decreased, as appropriate, to reflect changes to the Specifications orders under Section 4.01 hereof. A copy of each such bond and all modifications thereto shall be furnished to the State within 60 days of the effective date of the related Project Contract. The Sublessee hereby assigns its rights to any proceeds under such bonds to the State and the Trustee.

Section 4.05. Builder's Risk Completed Value Insurance. The Sublessee shall procure and maintain, at its own cost and expense, until the property to which such insurance relates is insured by the Sublessee pursuant to Section 6.01 hereof, standard, all risk of loss builder's risk completed value insurance upon such property. A certificate of insurance evidencing such insurance shall be provided to the State.

Section 4.06. General Public Liability and Property Damage Insurance. The Sublessee shall require that each Contractor procure and maintain, at his own cost and expense, during such Contractor's Project Contract, standard form comprehensive general public liability and property damage insurance that includes coverage for (a) all claims for bodily injury, including death, and property damage; and (b) contractual liability in an amount equal to the maximum amount payable to it under its Project Contract. Such policies shall include the State and the Trustee as additional insureds and shall include a provision prohibiting cancellation, termination or alteration without 30 days' prior notice by certified mail to the State and the Trustee. A certificate of insurance evidencing such insurance shall be provided to the State with respect to each Contractor within 60 days of the effective date of the related Project Contract.

Section 4.07. Workers' Compensation Insurance. The Sublessee shall require that each Contractor procure and maintain, at his own cost and expense, workers' compensation insurance as required by Colorado law during the term of its contract, covering all persons working under its Project Contract. Such insurance, if issued by a private carrier, shall contain a provision that such coverage shall not be canceled, terminated or altered without 30 days' prior

written notice to the State and the Trustee. Certificates evidencing such coverage shall be provided to the State.

Section 4.08. Defaults Under Project Contracts. In the event of any default under any Project Contract, or in the event of a breach of warranty with respect to any materials, workmanship or performance or other Work, which default or breach results in frustration of the purpose for which the Leased Property was intended, the Sublessee shall promptly proceed, either separately or in conjunction with others, to pursue diligently its remedies, including any remedy against the surety of any bond securing the performance of the Project Contract.

Section 4.09. Assignment of Rights Under Project Contracts. The Sublessee hereby assigns to the State and the Trustee, and each Project Contract shall expressly provide that the State and the Trustee shall have, the right to enforce each Project Contract against the Contractor (a) following termination of this Sublease and (b) in any case where, in the reasonable judgment of the State or the Trustee, with the consent of the State, the Sublessee has failed to enforce the terms of such Project Contract in a manner consistent with the obligations of the Sublessee under this Sublease.

Section 4.10. Costs of the Project. The Sublessee may withdraw available money from the Sublessee's Project Account in an amount up to the proceeds of the Series 2009A Certificates and Allocated Investment Earnings deposited into the Sublessee's Project Account pursuant to the Indenture to pay, or reimburse the Sublessee for the payment by Sublessee of, Costs of the Sublessee's Project by delivering to the Trustee a Requisition in the form of Appendix A to the Master Indenture, signed by the Sublessee Representative and the State Representative. Upon and effective on the date a Requisition is signed and delivered to the Trustee, the representations of the Sublessee set forth therein are incorporated in this Sublease as if set forth herein in full.

Section 4.11. Excess Costs and Cost Savings. The Sublessee shall pay all Costs of the Project that exceed the amount that it withdraws from its proceeds of the Series 2009A Certificates and Allocated Investment Earnings deposited into the Sublessee's Project Account pursuant to this Article the Indenture from sources other than money withdrawn from the Sublessee's Project Account. If the Costs of the Project are less than the proceeds of the Series 2009A Certificates and Allocated Investment Earnings deposited into the Sublessee's Project Account pursuant to the Indenture (a "cost savings"), a portion of such cost savings, as determined by the State Treasurer, may, upon the consent of the Assistance Board, be shared with the Sublessee through the State Treasurer's forgiveness of a portion of the debt service that would otherwise be due on the Sublessee's Matching Moneys Bond.

Section 4.12. Compliance with Tax Certificate. The Sublessee shall comply with the provisions of Exhibit A hereto that are applicable to the construction of the Project, including but not limited to, complying with the prevailing wage standards under 40 U.S.C. § 3141 (sometimes referred to as the Davis-Bacon Act).

Section 4.13. Records. The Sublessee shall maintain copies of all requisition ~~loans~~forms and Project Contracts, including but not limited to subcontracts, purchase orders and procurement documents, and provide copies to the State and the Assistance Board upon request. All such documents and records relating to the Project shall be retained by the Sublessee during

the term of this Sublease and shall be provided to the State upon request. The Trustee is required under the Indenture to provide to the Sublessee at its request an accounting of all receipts and disbursements from the Sublessee's Project Account.

ARTICLE V

ADDITIONAL RENT; EVENT OF NONAPPROPRIATION

Section 5.01. Base Rent. There is no Base Rent payable under this Sublease. The Sublessee has issued and delivered to the State the Sublessee's Matching Moneys Bond to satisfy the Sublessee's obligation to pay Matching Moneys for credit to the Assistance Fund with respect to its Project. The obligations and rights of the Sublessee and the State with respect to the Sublessee's Matching Moneys Bond are independent of the obligations and rights of the Sublessee and the State under this Sublease and, except as otherwise specifically provided herein, (a) the obligations and rights of the Sublessee and the State with respect to the Sublessee's Matching Moneys Bond shall survive the termination of this Sublease and (b) no failure to perform or other action of the State with respect to this Sublease shall affect the State's rights to enforce the obligations of the Sublessee under the Sublessee's Matching Moneys Bond.

Section 5.02. Additional Rent. The Sublessee shall, subject only to Sections 6.01(b) and 7.02(b) hereof and the other Sections of this Article, pay Additional Rent in immediately available funds in the amounts and on the dates on which it is due. The Sublessee shall pay all Additional Rent payable pursuant to Article VI and Section 7.02(a)(ii) hereof and all other Additional Rent that specifically relates to the Leased Property subject to this Sublease directly to the Persons to which it is owed. The Sublessee shall pay its Proportionate Share of any Additional Rent that does not specifically relate to the Leased Property subject to this Sublease that the State, in its sole discretion, determines should be paid by the Sublessees, to the State within 14 days of notice from the State or the Trustee of the amount due. The State's determinations as to whether any Additional Rent is specifically related to the Leased Property subject to this Sublease and as to whether any Additional Rent not specifically related to the Leased Property subject to this Sublease should be paid by the Sublessees, shall be binding on and shall not be subject to dispute or negotiation by the Sublessee. It is the expectation of the State that Additional Rent payable pursuant to any provisions other than Sections 6.01 and 6.02 hereof will not be significant.

Section 5.03. Unconditional Obligations. The obligation of the Sublessee to pay Additional Rent during the Sublease Term shall, subject only to Sections 6.01(b) and 7.02(b) hereof and the other Sections of this Article, including, without limitation, Sections 5.04 and 5.05 hereof, be absolute and unconditional and shall not be abated or offset for any reason related to the Leased Property. Notwithstanding any dispute between the Sublessee and the State or between the Sublessee or the State and any other Person relating to the Leased Property, the Sublessee shall, during the Sublease Term, pay all Additional Rent when due; the Sublessee shall not withhold any Additional Rent payable during the Sublease Term pending final resolution of such dispute and shall not assert any right of set-off or counter-claim against its obligation to pay Additional Rent, provided, however, that the payment of any Additional Rent shall not constitute a waiver by the Sublessee of any rights, claims or defenses which the Sublessee may assert; and

no action or inaction on the part of the State shall affect the Sublessee's obligation to pay Additional Rent during the Sublease Term.

Section 5.04. Event of Nonappropriation.

(a) The officer of the Sublessee who is responsible for formulating budget proposals with respect to payments of Additional Rent is hereby directed (i) to estimate the Additional Rent payable in the next ensuing Fiscal Year prior to the submission of each annual budget proposal to the Governing Body of the Sublessee during the Sublease Term and (ii) to include as a line item in each annual budget proposal submitted to the Governing Body of the Sublessee during the Sublease Term the entire amount of Additional Rent estimated to be payable during the next ensuing Fiscal Year; it being the intention of the Sublessee that any decision to continue or to terminate the Sublease Term shall be made solely by the Governing Body of the Sublessee, in its sole discretion, and not by any other department, agency or official of the Sublessee.

(b) An Event of Nonappropriation shall be deemed to have occurred, subject to the Sublessee's right to cure pursuant to subsection (c) of this Section, on June 30 of any Fiscal Year if the Governing Body of the Sublessee has, on such date, failed, for any reason, to appropriate sufficient amounts authorized and directed to be used to pay all Additional Rent estimated to be payable in the next ensuing Fiscal Year.

(c) Notwithstanding subsection (b) of this Section, an Event of Nonappropriation shall not be deemed to occur if, on or before August 1 of the next ensuing Fiscal Year, (i) the Governing Body of the Sublessee has appropriated amounts sufficient to avoid an Event of Nonappropriation under subsection (b) of this Section and (ii) the Sublessee has paid all Additional Rent due during the period from June 30 through the date of such appropriation or substitution.

(d) If the Sublessee shall determine to exercise its annual right to terminate the Sublease Term effective on June 30 of any Fiscal Year, the Sublessee shall give written notice to such effect to the State not later than March 1 of such Fiscal Year; provided, however, that a failure to give such notice shall not (i) constitute an Event of Default, (ii) prevent the Sublessee from terminating this Sublease or (iii) result in any liability on the part of the Sublessee.

(e) The Sublessee shall furnish the State with copies of all appropriation measures relating to Additional Rent or the Purchase Option Price promptly upon the adoption thereof by the Governing Body of the Sublessee, but not later than 20 days following the adoption thereof by the Governing Body of the Sublessee; provided however, that a failure to furnish copies of such measures shall not (i) constitute an Event of Default, (ii) prevent the Sublessee from terminating this Sublease or (iii) result in any liability on the part of the Sublessee.

Section 5.05. Limitations on Obligations of Sublessee.

(a) Payment of Additional Rent and all other payments by the Sublessee hereunder shall constitute currently appropriated expenditures of the Sublessee. All

obligations of the Sublessee under this Sublease shall be subject to the action of the Governing Body of the Sublessee in annually making moneys available for payments hereunder. The obligations of the Sublessee to pay Additional Rent and all other obligations of the Sublessee hereunder are subject to appropriation by the Governing Body of the Sublessee in its sole discretion, and shall not be deemed or construed as creating an indebtedness of the Sublessee within the meaning of any provision of the State Constitution or the laws of the State concerning or limiting the creation of indebtedness of the Sublessee and shall not constitute a multiple fiscal year direct or indirect debt or other financial obligation of the Sublessee within the meaning Section 20(4) of Article X of the State Constitution. In the event the Sublessee does not renew the Sublease Term, the sole security available to the State, as sublessor under this Sublease, for any obligation of the Sublessee under this Sublease shall be the Leased Property.

(b) All of the Sublessee's obligations under the Lease shall be subject to the Sublessee's annual right to terminate this Sublease upon the occurrence of an Event of Nonappropriation.

(c) The Sublessee shall be under no obligation whatsoever to exercise its option to purchase the Leased Property pursuant to Article VIII hereof.

Section 5.06. No Right to Compel Payment of Rent by State or ~~Another~~another Sublessee. The Sublessee shall have no right to compel the State or any other Sublessee to pay any Rent under any Lease or Rent under any Sublease or to pay the principal of, premium, if any, and interest on any Sublessee's Matching Money Bond and neither the State nor any such other Sublessee shall have any liability to the Sublessee for a failure by the State to pay Rent under any Lease or a failure by any such other Sublessee to pay such other Sublessee's Rent under any such other Sublease or principal, premium, if any, or interest on its Matching Money Bond for any reason.

ARTICLE VI

OPERATION, MAINTENANCE AND INSURANCE OF LEASED PROPERTY

Section 6.01. Taxes, Utilities and Insurance.

(a) The Sublessee shall pay, as Additional Rent, all of the following expenses with respect to the Leased Property:

(i) all taxes, assessments and other charges lawfully made by any governmental body, provided that any such taxes, assessments or other charges that may lawfully be paid in installments may be paid in installments as such installments are due;

(ii) all gas, water, steam, electricity, heat, power and other utility charges incurred in connection with the Leased Property (including but not limited to, amounts paid to a Site Lessor for utilities provided by such Site Lessor pursuant to a Site Lease);

(iii) casualty and property damage insurance with respect to the Leased Property in an amount equal to the full replacement value of the Leased Property;

(iv) public liability insurance with respect to the activities to be undertaken by the Sublessee in connection with the Leased Property, the Sublessee's Project and this Sublease: (A) to the extent such activities result in injuries for which immunity is not available under the Colorado Governmental Immunity Act, C.R.S. § 24-10-101 et seq. or any successor statute, in an amount not less than the amounts for which the Sublessee may be liable to third parties thereunder and (B) for all other activities, in an amount not less than \$1,000,000 per occurrence.

(b) Except for Permitted Encumbrances, the Sublessee shall not allow any liens for taxes, assessments, other governmental charges or utility charges to exist with respect to any portion of the Leased Property. If the Sublessee shall first notify the Trustee and the State of the intention of the Sublessee to do so, the Sublessee may, however, in good faith contest any such tax, assessment, other governmental charge or utility charge and, in the event of any such contest, may permit the tax, assessment, other governmental charge or utility charge so contested to remain unpaid during the period of such contest and any appeal therefrom, unless the Trustee or the State shall notify the Sublessee that, in the opinion of Independent Counsel, whose fees and expenses shall be paid by the Sublessee, by nonpayment of any such item the interest of the Trustee or the State in the Leased Property will be materially interfered with or endangered or the Leased Property or any portion thereof will be subject to loss or forfeiture, in which event such tax, assessment, other governmental charge or utility charge shall be paid forthwith; provided, however, that such payment shall not constitute a waiver of the right to continue to contest such tax, assessment, other governmental charge or utility charge. At the request of the Sublessee, the State will cooperate fully with the Sublessee in any such contest.

(c) The insurance policies provided pursuant to subsection (a) of this Section shall meet the following conditions: (i) any insurance policy may have a deductible clause in an amount deemed reasonable by the State; (ii) each insurance policy shall be provided by an insurer that, at the time such policy is obtained or renewed, is rated "A" by A.M. Best or in the two highest rating categories of S&P and Moody's; (iii) each insurance policy shall be so written or endorsed as to make losses, if any, payable to the State, the Sublessee and the Trustee, as their respective interests may appear; (iv) each insurance policy shall contain a provision to the effect that the insurance company shall not cancel the policy or modify it materially and adversely to the interest of the State, the Sublessee or the Trustee without first giving written notice thereof to the State, the Sublessee and the Trustee at least ~~10~~30 days in advance of such cancellation or modification; (v) upon request each insurance policy, or each certificate evidencing such policy, shall be provided to the Trustee; (vi) full payment of insurance proceeds under any insurance policy up to the dollar limit required by this Section in connection with damage to the Leased Property shall, under no circumstance, be contingent on the degree of damage sustained at other property owned or leased by the State or any Sublessee; and (vii) each insurance policy shall explicitly waive any co-insurance penalty.

(d) In the Sublessee's discretion, the insurance required by this Section may be provided under blanket insurance policies which insure not only the risks required to be insured hereunder but also other similar risks or may be provided through a self-insurance program described in this subsection. If the Sublessee is covered by the Colorado School Districts Self Insurance Pool, the self-insurance program shall be the Colorado School Districts Self Insurance Pool. If the Sublessee is not covered by the Colorado School Districts Self Insurance Pool, the self-insurance program shall be the Sublessee's independent risk management program, if any.

(e) At the request of the State or the Trustee, the Sublessee shall cause one or more insurance consultants to annually review the self-insurance program through which insurance is provided pursuant to this Section and confirm that it is maintained on an actuarially sound basis.

Section 6.02. Maintenance and Operation of Leased Property. The Sublessee shall maintain, preserve and keep the Leased Property, or cause the Leased Property to be maintained, preserved and kept, in good repair, working order and condition, subject to normal wear and tear, shall operate the Leased Property, or cause the Leased Property to be operated, in an efficient manner and at a reasonable cost, and shall make or cause to be made all necessary and proper repairs, except as otherwise provided in Sections 7.05 and 7.07 hereof.

Section 6.03. Capital Renewal Reserve. The Sublessee shall establish a capital renewal budget and make annual contributions to a capital renewal reserve as defined in § 22-43.7-109(4)(d) of the Act for the purpose of replacing major systems of the Project with projected life cycles such as roofs, interior finishes, electrical systems and heating, ventilating and air conditioning systems.

ARTICLE VII

TITLE TO LEASED PROPERTY; ENCUMBRANCES, EASEMENTS, MODIFICATIONS, SUBSTITUTION, DAMAGE, PERSONAL PROPERTY

Section 7.01. Title to Leased Property. Title to the leasehold estate in the Leased Property under the Series 2009A Lease shall be held in the name of the State, subject to the Sublessee's Site Lease, the 2009A Lease and this Sublease, until the Leased Property is conveyed or otherwise disposed of as provided herein, and the Sublessee shall have no right, title or interest in the Leased Property except as expressly set forth herein.

Section 7.02. Limitations on Disposition of and Encumbrances on Leased Property.

(a) Except as otherwise permitted in this Article or Article VIII or X hereof and except for Permitted Encumbrances, (i) neither the State nor the Sublessee shall sell, assign, transfer or convey any portion of or any interest in the Leased Property or directly or indirectly create, incur or assume any mortgage, pledge, lien, charge, encumbrance or claim on or with respect to the Leased Property, and (ii) the Sublessee shall promptly take such action as may be necessary to duly discharge any such mortgage, pledge, lien, charge, encumbrance or claim.

(b) Notwithstanding subsection (a) of this Section, if the Sublessee shall first notify the Trustee and the State of the intention of the Sublessee to do so, the Sublessee may in good faith contest any such mortgage, pledge, lien, charge, encumbrance or claim on or with respect to the Leased Property, and in the event of any such contest, may permit the item so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom, unless the Trustee or the State has notified the Sublessee that, in the opinion of Independent Counsel, whose fees shall be paid by the Sublessee, by failing to discharge or satisfy such item the interest of the Trustee or the State in the Leased Property will be materially interfered with or endangered, or the Leased Property or any part thereof will be subject to loss or forfeiture, in which event such item shall be satisfied and discharged forthwith; provided, however, that such satisfaction and discharge shall not constitute a waiver by the Sublessee of the right to continue to contest such item. At the request of the Sublessee, the State will cooperate fully with the Sublessee in any such contest.

Section 7.03. Granting of Easements. As long as no Event of Nonappropriation or Event of Default shall have happened and be continuing, the State shall, at the request of the Sublessee and with the consent of the Trustee:

(a) consent to the grant of easements, licenses, rights-of-way (including the dedication of public highways) and other rights or privileges in the nature of easements with respect to the Leased Property, free from this Sublease and the 2009A Lease and any security interest or other encumbrance created hereunder or thereunder;

(b) consent to the release of existing easements, licenses, rights-of-way and other rights and privileges with respect to the Leased Property, free from this Sublease or the 2009A Lease and any security interest or other encumbrance created hereunder or thereunder, with or without consideration; and

(c) execute and deliver any instrument necessary or appropriate to confirm and grant or release any easement, license, right-of-way or other grant or privilege under subsection (a) or (b) of this Section, upon receipt of: (i) a copy of the instrument of grant or release; and (ii) a written application signed by the Sublessee Representative requesting such instrument and stating that such grant or release will not materially adversely affect the value, or interfere with the effective use or operation, of the Leased Property.

Section 7.04. Subleasing and Other Grants of Use. The Sublessee may sublease or otherwise grant the right to use such Leased Property to another Person, but only if:

(a) the sublease or grant of use by the Sublessee complies with the covenant in Section 9.04 hereof; and

(b) the obligations of the Sublessee under this Sublease shall remain obligations of the Sublessee, and the Sublessee shall maintain its direct relationship with the State, notwithstanding any such sublease or grant of use.

Section 7.05. Modification of Leased Property. The Sublessee, at its own expense, may remodel, or make substitutions, additions, modifications or improvements to, its portion of the Leased Property, provided that: (a) such remodeling, substitutions, additions, modifications and ~~additions~~improvements (i) shall not in any way damage such portion of the Leased Property as it existed prior thereto and (ii) shall become part of the Leased Property; (b) the value of the Leased Property after such remodeling, substitutions, additions, modifications and ~~additions~~improvements shall be at least as great as the value of the Leased Property prior thereto; (c) the cost of all remodeling, substitutions, additions, modifications and ~~additions~~improvements shall not exceed 10% of the sum of the proceeds of the Series 2009A Certificates and Allocated Investment Earnings deposited into the Sublessee's Project Account without the written approval of the State; and (d) the Leased Property, after such remodeling, substitutions, additions, modifications and ~~additions~~improvements, shall continue to be used as provided in, and shall otherwise be subject to the terms of, this Sublease.

Section 7.06. Substitution of Other Property for Leased Property. The Sublessee, with the consent of the State, which may be granted or withheld at the sole discretion of the State, may at any time propose that other property be substituted for the Leased Property subject to the Sublease under both the 2009A Lease and this Sublease. Any such proposal must be accompanied by the items listed below in form and substance satisfactory to the State. If the items listed below are delivered, the State consents to the substitution and the Sublessee pays the costs of the substitution, the State shall, and shall cooperate with the Sublessee to cause the Trustee to, execute and deliver any documents or instruments requested by the Sublessee to accomplish the substitution. The items are:

(a) A certificate by the Sublessee certifying that, following such substitution, the Fair Market Value of the substituted property, determined as of the date of substitution, is equal to or greater than the Fair Market Value of the property for which it is to be substituted.

(b) A title insurance policy, an amendment or supplement to a previously issued title insurance policy or a commitment to issue such a policy, amendment or supplement that would allow the Sublessee and the State to make the title insurance representation set forth in the form of Project Account requisition attached as Appendix A to the Master Indenture.

(c) A certificate by the Sublessee certifying that (i) the useful life of the substituted property extends to or beyond the final maturity of the Series 2009A Certificates and (ii) the substituted property is at least as essential to the Sublessee as the property for which it was substituted.

(d) An agreement by the Sublessee to pay all costs incurred by the Sublessee, the State, the Trustee or any other Person in connection with the substitution, including but not limited to, the costs of the title insurance required by clause (b) of this Section, the Trustee's fees and expenses, the State's third party costs and reasonable charges for the time of State employees and allocable overhead.

(e) An opinion of Bond Counsel to the effect that such substitution is permitted by Section 7.06 of the 2009A Lease, will not cause the Sublessee to violate its tax covenant set forth in Section 9.04 hereof and will not cause the State to violate its tax covenant set forth in Section 9.04 of the 2009A Lease.

Section 7.07. Property Damage, Defect or Title Event.

(a) If a Property Damage, Defect or Title Event occurs with respect to any portion of the Leased Property, the Net Proceeds received as a consequence thereof shall be deposited into a special trust fund held by the Trustee.

(b) If the costs of the repair, restoration, modification, improvement or replacement of the portion of the Leased Property affected by the Property Damage, Defect or Title Event are equal to or less than the Net Proceeds, the Net Proceeds shall be used promptly to repair, restore, modify, improve or replace the affected portion of the Leased Property and any excess shall be delivered to the Sublessee.

(c) If the costs of the repair, restoration, modification, improvement or replacement of the portion of the Leased Property affected by the Property Damage, Defect or Title Event are more than the Net Proceeds, then, the Sublessee shall elect one of the following alternatives:

(i) to use the Net Proceeds to promptly repair, restore, modify or improve or replace the affected portion of the Leased Property with property of a value equal to or in excess of the value of such portion of the Leased Property, in which case the Net Proceeds shall be used to pay a portion of the costs thereof and the Sublessee shall, subject to Article V hereof, pay the remainder of such costs as Additional Rent;

(ii) to substitute property for the affected portion of the Leased Property pursuant to Section 7.06 hereof, in which case the Net Proceeds shall be delivered to the Sublessee; or

(iii) to use the Net Proceeds to promptly repair, restore, modify or improve or replace the affected portion of the Leased Property to the extent possible with the Net Proceeds.

(d) The Sublessee shall not voluntarily settle, or consent to the settlement of, any proceeding arising out of any insurance claim, performance or payment bond claim, prospective or pending condemnation proceeding, or any action relating to default or breach of warranty under any contract relating to any portion of the Leased Property without the written consent of the State and the Trustee.

(e) No Property Damage, Defect or Title Event shall affect the obligation of the Sublessee to pay Additional Rent hereunder.

Section 7.08. Condemnation by Sublessee. The Sublessee agrees that, to the extent permitted by law, in the event it brings an eminent domain or condemnation proceeding with

respect to the Leased Property, such proceeding shall be with respect to all the Leased Property and the value of the Leased Property for purposes of such proceeding shall be not less than the Sublessee's Purchase Option Price.

Section 7.09. Personal Property of State or Sublessee. The State or the Sublessee, at their own expense, may install equipment and other personal property in or on any portion of the Leased Property, which equipment or other personal property shall not become part of the Leased Property unless it is permanently affixed to the Leased Property or removal of it would materially damage the Leased Property, in which case it will become part of the Leased Property.

ARTICLE VIII

SUBLESSEE'S PURCHASE OPTION; CONVEYANCE TO SUBLESSEE UPON CONVEYANCE TO STATE

Section 8.01. Sublessee's Purchase Option.

(a) The Sublessee is hereby granted the option to purchase all, but not less than all, of the Leased Property subject to this Sublease following the occurrence of an Event of Default or an Event of Nonappropriation under the 2009A Lease by paying to the Trustee the "Sublessee's Purchase Option Price," which is an amount equal to the principal amount of the Attributable Certificates (defined below in this subsection) and interest thereon through the closing date for the purchase of the Leased Property, and (b) to pay all Additional Rent payable through the date of conveyance of such Leased Property to the Sublessee, including, but not limited to, all fees and expenses of the Trustee and all expenses of the State relating to the conveyance of the Leased Property and the payment of the Attributable Certificates.

As used in this subsection, the term "*Attributable Certificates*" means, subject to the next sentence, (i) a principal amount of the Outstanding Series 2009A Certificates determined by multiplying the principal amount of all the Outstanding Series 2009A Certificates by a fraction, the numerator of which is the sum of the proceeds of the Series 2009A Certificates and the Allocated Investment Earnings deposited into the Sublessee's Project Account and the denominator of which is sum of the proceeds of the Series 2009A Certificates and the Allocated Investment Earnings deposited into the Project Accounts of all 2009A Sublessees; and (ii) which principal amount shall be allocated among the maturities of the Outstanding Series 2009A Certificates in proportion to the principal amount of each maturity of the Outstanding Series 2009A Certificates, rounded to the nearest \$5,000 in principal amount of each such maturity. Notwithstanding the preceding sentence, (A) in applying this definition, the principal amount of the Outstanding Series 2009A Certificates shall be reduced by the amount, if any, on deposit in the Series 2009A Sinking Fund Account; and (B) if any portion of the Series 2009A Certificates has been paid, redeemed or defeased with the proceeds of another Series of Certificates, in applying this definition, Outstanding Certificates of the portion of the other Series of Certificates the proceeds of which were used to pay, redeem or defease the Series 2009A Certificates shall be substituted for the Series 2009A Certificates that were paid, redeemed or defeased. The rounding pursuant to clause (ii) of the first sentence of

this definition and the substitution of Outstanding Certificates of another Series of Certificates pursuant to the immediately preceding sentence shall be accomplished in any reasonable manner selected by the State in its sole discretion.

(b) In order to exercise its option to purchase the Leased Property pursuant to subsection (a) of this Section, the Sublessee must: (i) give written notice to the Trustee and the State within 15 Business Days after the Sublessee is notified by the Trustee that an Event of Default or an Event of Nonappropriation under the 2009A Lease has occurred (A) stating that the Sublessee intends to purchase the Leased Property pursuant to this Section, (B) identifying the source of funds it will use to pay Sublessee's Purchase Option Price and (C) specifying a closing date for such purpose which is no more than 90 days after the delivery of such notice; and (ii) pay the Sublessee's Purchase Option Price to the Trustee in immediately available funds on the closing date.

(c) Upon payment of the Sublessee's Purchase Option Price to the Trustee pursuant to this Section, the State shall cancel the Sublessee's Matching Moneys Bond or return it to the Sublessee, as directed by the Sublessee.

Section 8.02. Conveyance of Leased Property. At the closing of any purchase of the Leased Property pursuant to Section 8.01 hereof, the State shall execute and deliver, and shall cooperate with the Sublessee to cause the Trustee to execute and deliver, to the Sublessee all necessary documents assigning, transferring and conveying to the Sublessee or its designee the same ownership in the Leased Property that was conveyed by the Sublessee as Site Lessor under its Site Lease to the Trustee, subject only to the following: (i) Permitted Encumbrances, other than this Sublease, the 2009A Lease, the Indenture and the Site Lease pursuant to which the Leased Property was leased to the Trustee; (ii) all liens, encumbrances and restrictions created or suffered to exist by the Trustee or the State as required or permitted by the 2009A Lease or this Sublease or arising as a result of any action taken or omitted to be taken by the Trustee or the State as required or permitted by this Sublease, the 2009A Lease, the Indenture, the Sublessee's Site Lease; (iii) any lien or encumbrance created or suffered to exist by action of the Sublessee; and (iv) those liens and encumbrances (if any) to which the Leased Property was subject when acquired by the Trustee and the State.

Section 8.03. Conveyance to Sublessee upon Conveyance to State. If the Sublessee has complied with and performed all of its obligations under this Sublease and its Matching Moneys Bond, upon the conveyance of the Leased Property to the State pursuant to Section 8.04 of the 2009A Lease, the State shall assign, transfer and convey the Leased Property to the Sublessee in the manner described in, and subject to the provisions of, Section 8.02 hereof without any additional payment by the Sublessee hereunder. Such conveyance will not, however, extinguish or otherwise affect the Sublessee's independent obligations to continue to pay any unpaid principal of, premium, if any, and interest on its Matching Moneys Bond.

ARTICLE IX

GENERAL COVENANTS

Section 9.01. Further Assurances and Corrective Instruments. So long as this Sublease is in full force and effect and no Event of Nonappropriation or Event of Default shall have occurred, the State and the Sublessee shall have full power to carry out the acts and agreements provided herein and the Sublessee and the State, at the written request of the other, shall from time to time, execute, acknowledge and deliver or cause to be executed, acknowledged and delivered such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Leased Property leased or intended to be leased hereunder, or for otherwise carrying out the intention of or facilitating the performance of this Sublease.

Section 9.02. Compliance with Requirements of Law. On and after the date hereof, neither the State nor the Sublessee shall take any action with respect to the Leased Property that violates the terms hereof or is contrary to the provisions of any Requirement of Law. Without limiting the generality of the preceding sentence, the Sublessee, in particular, shall use the Leased Property in a manner such that (a) the Leased Property at all times is operated in compliance with all Requirements of Law; (b) all permits required by Requirements of Law in respect of the Sublessee's use of the Leased Property are obtained, maintained in full force and effect and complied with; (c) there shall be no hazardous substance, pollutant or contaminant (as those terms are defined in the Comprehensive Environmental Response, Compensation, and Liability Act, as amended, 42 U.S.C. § 9601, et seq., any applicable state law or regulations promulgated under either), solid or hazardous waste (as defined in the Resource Conservation and Recovery Act, as amended, 42 U.S.C. § 6901, et seq., any applicable state law or regulations promulgated under either), special waste, petroleum or petroleum derived substance, radioactive material or waste, polychlorinated biphenyls, asbestos or any constituent of any of the foregoing located on, in or under the Leased Property in violation of any Requirements of Law; (d) there shall be no disposal of any of the items referred to in clause (c) on, from, into or out of the Leased Property in violation of any Requirements of Law; and (e) there shall be no spillage, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leeching, dumping, disposing, depositing or dispersing of any of the items referred to in clause (c) into the indoor or outdoor environment from, into or out of the Leased Property, including but not limited to the movement of any such items through or in the air, soil, surface water, ground water from, into or out of the Leased Property or the abandonment or discard of barrels, containers or other open or closed receptacles containing any such items from, into or out of the Leased Property in violation of any Requirements of Law.

Section 9.03. Participation in Legal Actions.

(a) At the request of and at the cost of the Sublessee (payable as Additional Rent hereunder), the State shall, and shall cooperate with the Sublessee to cause the Trustee to, join and cooperate fully in any legal action in which the Sublessee asserts its right to the enjoyment of the Leased Property; that involves the imposition of any charges, costs or other obligations or liabilities on or with respect to the Leased Property or the enjoyment of the Leased Property by the Sublessee; or that involves the imposition

of any charges, costs or other obligations with respect to the Sublessee's execution, delivery and performance of its obligations under this Sublease, the Sublessee's Matching Moneys Bond or the Sublessee's Site Lease.

(b) At the request of the State or the Trustee, the Sublessee shall, at the cost of the Sublessee (payable as Additional Rent hereunder), join and cooperate fully in any legal action in which the State or the Trustee asserts its ownership of or interest in the Leased Property; that involves the imposition of any charges, costs or other obligations on or with respect to the Leased Property for which the Trustee or the State is responsible under the 2009A Lease or this Sublease; or that involves the imposition of any charges, costs or other obligations with respect to the execution and delivery or acceptance of this Sublease, the Sublessee's Matching Moneys Bond, the Sublessee's Site Lease, the 2009A Lease or the Indenture by the State or the Trustee or the performance of the obligations of the State or the Trustee hereunder or thereunder.

Section 9.04. Tax Covenant of Sublessee. The Sublessee (a) will not use or permit any other Person to use its Project and will not use, invest or direct any other Person to use or invest any moneys that it withdraws from its Project Account in a manner that would cause an Adverse Tax Event or Adverse Federal Direct Payment Event and (b) will comply with the certifications, representations and agreements set forth in Exhibit A hereto the tax compliance certificate executed in connection with its Matching Moneys Bond. The Sublessee acknowledges that the State, in the 2009A Lease, has agreed to enforce the covenant of the Sublessee set forth in this Section against the Sublessee.

Section 9.05. Fees and Expenses of Trustee; State Expenses; Deposits to Rebate Fund; Rebate Calculations. The Additional Rent that may be payable by the Sublessee in accordance with Section 5.02 hereof shall include the Sublessee's Proportionate Share of (a) the fees and expenses payable to the Trustee pursuant to Section 9.05 of the 2009A Lease and any similar provision of any other Lease; (b) the costs and expenses incurred by the State in connection with the Leased Property, the Projects, the Certificates, the Leases, the Indenture, the Site Leases, the Subleases, the Matching Money Bonds or any matter related thereto, including, but not limited to, a reasonable charge for the time of State employees and allocable overhead; (c) the amounts paid by the State pursuant to Section 9.07 of the 2009A Lease and any similar provision of any other Lease to make deposits to the Rebate Fund; and (d) the costs and expenses incurred in connection with the rebate calculations required by the Master Indenture.

Section 9.06. Investment of Funds. By authorizing the execution and delivery of this Sublease, the Sublessee specifically authorizes the investment of moneys held by the Trustee in Permitted Investments (as defined in the Indenture) where the period from the date of purchase thereof to the maturity date is in excess of five years.

ARTICLE X

LIMITS ON OBLIGATIONS OF STATE

Section 10.01. Disclaimer of Warranties. THE STATE MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN,

CONDITION, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR FITNESS FOR USE OF THE LEASED PROPERTY OR ANY OTHER REPRESENTATION OR WARRANTY WITH RESPECT TO THE LEASED PROPERTY. In no event shall the State be liable for any incidental, special or consequential damage in connection with or arising out of this Sublease or the existence, furnishing, functioning or use by the Sublessee of any item, product or service provided for herein.

Section 10.02. Financial Obligations of State Limited to Trust Estate. Notwithstanding any other provision hereof, all financial obligations of the State under this Sublease are limited to the Sublessee's Project Account.

ARTICLE XI

EVENTS OF DEFAULT AND REMEDIES

Section 11.01. Events of Default Defined.

(a) Any of the following shall constitute an "Event of Default" under this Sublease:

(i) ~~Failure~~failure by the Sublessee to pay any principal of, premium, if any, or interest on its Matching Moneys Bond when due;

(ii) failure by the Sublessee to pay any Additional Rent for which funds have been specifically appropriated when due, or if such Additional Rent is payable to a Person other than the State, when nonpayment thereof has, or may have, a material adverse effect upon any of the Certificates, any of the Leased Property or the interest of the State in any of the Leased Property;

(iii) failure by the Sublessee to vacate the Leased Property within 90 days following an Event of Nonappropriation or Event of Default under this Sublease or a termination of the 2009A Lease as a result of an Event of Nonappropriation or Event of Default under the 2009A Lease;

(iv) any sublease, assignment, encumbrance, conveyance or other transfer of the interest of the Sublessee in all or any portion of this Sublease or the Leased Property in violation of Section 12.01 hereof or any succession to all or any portion of the interest of the Sublessee in the Leased Property in violation of Section 12.02 hereof; or

(v) failure by the Sublessee to observe and perform any covenant, condition or agreement on its part to be observed or performed in this Sublease, in its Matching Moneys Bond or in any instrument (including but not limited to any tax compliance certificate executed or issued in connection with this Sublease or its Matching Moneys Bonds), other than as referred to in clause (i), (ii), (iii) or (iv) above, for a period of 30 days after written notice, specifying such failure and requesting that it be remedied shall be given to the Sublessee by the State, unless the State shall consent in writing to an extension of such time prior to its

expiration; provided, however, that if the failure stated in the notice cannot be corrected within the applicable period, the State shall not withhold its consent to an extension of such time if corrective action shall be instituted within the applicable period and diligently pursued until the default is corrected.

(b) The provisions of subsection (a) of this Section are subject to the following limitations:

(i) the Sublessee shall remain obligated to pay principal of, premium, if any, and interest on its Matching Moneys Bond when due, notwithstanding any termination of the Sublease Term or this Sublease or any limitation on any of the other obligations of the Sublessee hereunder;

(ii) the Sublessee shall be obligated to pay Additional Rent only during the Sublease Term, except as otherwise expressly provided in Section 3.02(b)(ii) hereof; and

(iii) if, by reason of Force Majeure, the Sublessee shall be unable in whole or in part to carry out any agreement on its part herein contained, other than its obligation to pay Additional Rent hereunder, the Sublessee shall not be deemed in default during the continuance of such inability; provided, however, that the Sublessee shall, as promptly as legally and reasonably possible, remedy the cause or causes preventing the Sublessee from carrying out such agreement, except that the settlement of strikes, lockouts and other industrial disturbances shall be solely within the discretion of the Sublessee; and provided further that this paragraph shall not apply to any obligation of the Sublessee under the Sublessee's Matching Moneys Bond.

Section 11.02. Remedies on Default. Whenever any Event of Default shall have happened and be continuing, the State, with the consent of the Trustee, may take one or any combination of the following remedial steps:

(a) terminate the Sublease Term and give notice to the Sublessee to immediately vacate the Leased Property in the manner provided in Section 3.02(b) hereof;

(b) sell or lease its interest in all or any portion of the Leased Property;

(c) recover any of the following from the Sublessee that is not recovered pursuant to subsection (b) of this Section:

(i) all amounts due under the Sublessee's Matching Moneys Bond in accordance with the terms of the Sublessee's Matching Moneys Bond;

(ii) the portion of Additional Rent payable pursuant to Section 3.02(b)(ii) hereof; and

(iii) the portion of the Additional Rent for the then current Fiscal Year that has been specifically appropriated by the Sublessee's Governing Body, but only to the extent such Additional Rent is payable prior to the date, or is attributable to the use of the Leased Property prior to the date, the Sublessee vacates the Leased Property;

(d) enforce any provision of this Sublease by equitable remedy, including, but not limited to, enforcement of the restrictions on assignment, encumbrance, conveyance, transfer or succession under Article XII hereof by specific performance, writ of mandamus or other injunctive relief; and

(e) take whatever action at law or in equity may appear necessary or desirable to enforce its rights in and to the Leased Property under this Sublease, subject, however, to the limitations on the obligations of the Sublessee under Sections 5.05 and 11.03 hereof.

Section 11.03. Limitations on Remedies. A judgment requiring a payment of money may be entered against the Sublessee by reason of an Event of Default only as to the Sublessee's liabilities described in Section 11.02(c) hereof. A judgment requiring a payment of money may be entered against the Sublessee by reason of an Event of Nonappropriation, or a failure to vacate the Leased Property following an Event of Nonappropriation, only to the extent provided in Section 11.02(c)(i), (ii) and (iii) hereof.

Section 11.04. No Remedy Exclusive. Subject to Section 11.03 hereof, no remedy herein conferred upon or reserved to the State is intended to be exclusive, and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Sublessee to exercise any remedy reserved in this Article, it shall not be necessary to give any notice, other than such notice as may be required in this Article.

Section 11.05. Waivers. The State, with the consent of the Trustee, may waive any Event of Default under this Sublease and its consequences. In the event that any agreement contained herein should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

ARTICLE XII

TRANSFERS OF INTERESTS IN SUBLEASE OR LEASED PROPERTY

Section 12.01. Transfers Prohibited. Except as otherwise permitted by Section 8.04 hereof with respect to subleasing or grants of use of the Leased Property, Section 8.06 with respect to substitutions of other property for Leased Property and Section 12.02 hereof with respect to transfers of the Leased Property following termination of the Sublease Term or as otherwise required by law, the Sublessee shall not sublease, assign, encumber, convey or

otherwise transfer all or any portion of its interest in this Sublease or the Leased Property to any Person, whether now in existence or organized hereafter.

Section 12.02. Transfer after Conveyance of Leased Property to Sublessee. Notwithstanding Section 12.01 hereof, the Sublessee may transfer its interest in the Leased Property after, and only after, this Sublease Term has terminated and the Leased Property has been conveyed to the Sublessee pursuant to Article VIII hereof.

ARTICLE XIII

MISCELLANEOUS

Section 13.01. Binding Effect. This Sublease shall inure to the benefit of and shall be binding upon the Sublessee and the State and their respective successors and assigns, subject, however, to the limitations set forth in Article XII hereof. This Sublease and the covenants set forth herein are expressly intended to be covenants, conditions and restrictions running with the Leased Property and the leasehold estate in the Leased Property under this Sublease.

Section 13.02. Interpretation and Construction. This Sublease and all terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein to sustain the validity of this Sublease. For purposes of this Sublease, except as otherwise expressly provided or unless the context otherwise requires:

(a) All references in this Sublease to designated “Articles,” “Sections,” “subsections,” “paragraphs,” “clauses” and other subdivisions are to the designated Articles, Sections, subsections, paragraphs, clauses and other subdivisions of this Sublease. The words “herein,” “hereof,” “hereto,” “hereby,” “hereunder” and other words of similar import refer to this Sublease as a whole and not to any particular Article, Section or other subdivision.

(b) The terms defined in the Glossary have the meanings assigned to them in the Glossary and include the plural as well as the singular.

(c) All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles as in effect from time to time.

(d) The term “money” includes any cash, check, deposit, investment security or other form in which any of the foregoing are held hereunder.

(e) In the computation of a period of time from a specified date to a later specified date, the word “from” means “from and including” and each of the words “to” and “until” means “to but excluding.”

Section 13.03. Acknowledgement of and Subordination to 2009A Lease and Indenture. The Sublessee has received copies of, and acknowledges the terms of, the 2009A Lease and the Indenture and agrees that its rights hereunder are subordinate and subject to the

rights of the Trustee and the Owners of the Certificates under the 2009A Lease and the Indenture.

Section 13.04. Trustee, State and Sublessee Representatives. Whenever under the provisions hereof the approval of the Trustee, the State or the Sublessee is required, or the Trustee, State or the Sublessee is required to take some action at the request of the other, unless otherwise provided, such approval or such request shall be given for the Trustee by the Trustee Representative, for the State by the State Representative and by the Sublessee by the Sublessee Representative and the Trustee, the State and the Sublessee shall be authorized to act on any such approval or request. The Sublessee Representative is the _____ of the ~~Governing Body~~Superintendent of the Sublessee.

Section 13.05. Manner of Giving Notices. All notices, certificates or other communications hereunder shall be in writing and shall be deemed given when mailed by first class United States mail, postage prepaid, or when sent by facsimile transmission or electronic mail, addressed as follows: if to the State, to Colorado State Treasurer, 140 State Capitol, Denver, CO 80203, Attention: Deputy State Treasurer, facsimile number: 303-866-2123, electronic mail address: eric.rothaus@state.co.us, with a copy to Colorado State Controller, 633 Seventeenth Street, Suite 1500, Denver, Colorado 80203, Attention: David J. McDermott, facsimile number: 303-866-4233, electronic mail address: david.mcdermott@state.co.us, and with a copy to Public School Capital Construction Assistance Board, 1525 Sherman Street, Suite B17, Denver, Colorado 80203, Attention: Chair, facsimile number: 303.866.6168, electronic mail address: hughes_t@cde.state.co.us; if to the Trustee, to Zions First National Bank, 1001 Seventeenth Street, Suite 1050, Denver, Colorado 80202, Attention: Corporate Trust Services, facsimile number: 720-947-7480, electronic mail address: corporatetrust@zionsbank.com; and if to the Sublessee, to _____, Attention: Superintendent, facsimile number: _____, electronic mail address: _____. Any notice party may, by written notice, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

Section 13.06. No Individual Liability. All covenants, stipulations, promises, agreements and obligations of the State or the Sublessee, as the case may be, contained herein shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the State or the Sublessee, as the case may be, and not of any member, director, officer, employee, servant or other agent of the State or the Sublessee in his or her individual capacity, and no recourse shall be had on account of any such covenant, stipulation, promise, agreement or obligation, or for any claim based thereon or hereunder, against any member, director, officer, employee, servant or other agent of the State or the Sublessee or any natural person executing this Sublease or any related document or instrument; provided, however, that such person is acting within the scope of his or her employment, membership, directorship or agency, as applicable, and not in a manner that constitutes gross negligence or willful misconduct.

Section 13.07. Amendments, Changes and Modifications. Except as otherwise provided herein, this Sublease may only be amended, changed, modified or altered by a written instrument executed by the State, the Assistance Board and the Sublessee.

Section 13.08. State May Rely on Certifications, Representations and Agreements of Sublessee. The State may rely on the certifications, representations and agreements of the Sublessee in this Sublease (including any Exhibit hereto) and may assume that the Sublessee will perform all of its obligations under this Sublease for purposes of making certifications, representations and agreements to and with the Trustee in the 2009A Lease and making certifications and representations to Bond Counsel, Owners or potential Owners of Certificates and any other Person with respect to the Leased Property, the Projects, the Leases, the Site Leases, the Matching Money Bonds, the Certificates, the Indenture or any matter related thereto.

Section 13.09. Events Occurring on Days that are not Business Days. If the date for making any payment or the last day for performance of any act or the exercising of any right under this Sublease is a day that is not a Business Day, such payment may be made, such act may be performed or such right may be exercised on the next succeeding Business Day, with the same force and effect as if done on the nominal date provided in this Sublease.

Section 13.10. Legal Description of Land Included in Leased Property. The legal description of the land included in the Leased Property subject to this Sublease is set forth in Exhibit B hereto. If the land included in Leased Property subject to this Sublease is modified pursuant to the terms of this Sublease or other land is substituted for land included in the Leased Property subject to this Sublease pursuant to the terms of this Sublease, the legal description set forth in Exhibit B hereto will be amended to describe the land included in the Leased Property subject to this Sublease after such modification or substitution.

Section 13.11. Merger. The Trustee and the Sublessee intend that the legal doctrine of merger shall have no application to this Sublease, the 2009A Lease or the Sublessee's Site Lease and that none of the execution and delivery of this Sublease by the State and the Sublessee, the 2009A Lease by the Trustee and the State or the Sublessee's Site Lease by the Sublessee and the Trustee or the exercise of any remedies by any party under this Sublease, the 2009A Lease or the Sublessee's Site Lease shall operate to terminate or extinguish this Sublease, the 2009A Lease or the Sublessee's Site Lease.

Section 13.12. Severability. In the event that any provision of this Sublease, other than the obligation of the Sublessee to pay Additional Rent hereunder and the obligation of the State to provide quiet enjoyment of the Leased Property, shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 13.13. Captions. The captions or headings herein are for convenience only and in no way define, limit or describe the scope or intent of any provisions or Sections of this Sublease.

Section 13.14. Applicable Law. The laws of the State and rules and regulations issued pursuant thereto, as the same may be amended from time to time, shall be applied in the interpretation, execution and enforcement of this Sublease. Any provision of this Sublease, whether or not incorporated herein by reference, which provides for arbitration by an extra-judicial body or person or which is otherwise in conflict with said laws, rules and regulations shall be considered null and void. Nothing contained in any provision hereof or incorporated

herein by reference which purports to negate this Section in whole or in part shall be valid or enforceable or available in any action at law whether by way of complaint, defense or otherwise. Any provision rendered null and void by the operation of this Section will not invalidate the remainder of this Sublease to the extent that this Sublease is capable of execution. At all times during the performance of this Sublease, the Sublessee shall strictly adhere to all applicable federal and State laws, rules and regulations that have been or may hereafter be established.

Section 13.15. Execution in Counterparts. This Sublease may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 13.16. State Controller's Approval. This Sublease shall not be deemed valid until it has been approved by the State Controller or such assistant as the State Controller may designate. Financial obligations of the State payable after the current Fiscal Year are contingent upon funds for that purpose being appropriated, budgeted and otherwise made available.

Section 13.17. Non-Discrimination. The Sublessee agrees to comply with the letter and the spirit of all applicable State and federal laws respecting discrimination and unfair employment practices.

Section 13.18. Vendor Offset. Pursuant to C.R.S. §§ 24-30-202(1) and 24-30-202.4, the State Controller may withhold payment of certain amounts owed by State agencies under the State's vendor offset intercept system for (a) unpaid child support debts or child support arrearages; (b) unpaid balances of tax, accrued interest, or other charges specified in C.R.S. § 39-21-101 et seq.; (c) unpaid balances of tax, accrued interest or other charges specified in C.R.S. § 39-21-101 et seq.; (d) unpaid loans due to the Student Loan Division of the Department of Higher Education; (e) amounts required to be paid to the Unemployment Compensation Fund; and (f) other unpaid debts certified by the State Controller as owing to the State as a result of final agency determination or judicial action.

Section 13.19. Employee Financial Interest. The signatories to this Sublease aver that, to their knowledge, no employee of the State has any personal or beneficial interest whatsoever in the service or property described herein.

Section 13.20. Accounting Allocation of State's Base Rent. Exhibit DC hereto allocates the Base Rent payments of the State under the 2009A Lease among the 2009A Sublessees for accounting purposes. Exhibit DC is included solely at the request of the Sublessee for its accounting purposes and shall not affect, and may not be used to determine, any rights or obligations of the State, the Sublessee or any other Person under this Sublease, the 2009A Lease, the Indenture or the Site Lease or for any other purpose.

Section 13.21. Assistance Board as Party. The Assistance Board is a party to this Sublease solely for the purpose of complying with the Act. Except as otherwise provided in Section 13.05 and 13.07 hereof, all actions hereunder or with respect hereto may be taken by the State, acting by and through the State Treasurer, without any participation by the Assistance Board.

[remainder of page intentionally left blank]

IN WITNESS WHEREOF, the State and the Sublessee have executed this Sublease as of the date first above written.

STATE OF COLORADO, acting by and through
the State Treasurer

By _____
Cary Kennedy, Colorado State Treasurer

PUBLIC SCHOOL CAPITAL CONSTRUCTION
ASSISTANCE BOARD, acting on behalf of the
State of Colorado

By _____
Mary Wickersham, Chair

APPROVALS:

ATTORNEY GENERAL
JOHN W. SUTHERS

STATE CONTROLLER
DAVID J. MCDERMOTT, CPA

By _____
Heidi Dineen, Assistant Attorney General

By _____
David J. McDermott, State Controller

STATE OF COLORADO
BILL RITTER, JR., GOVERNOR
DEPARTMENT OF PERSONNEL &
ADMINISTRATION
OFFICE STATE ARCHITECT, REAL
ESTATE PROGRAMS

For the Executive Director

By _____
Michael R. Karbach, Manager, Real Estate
Programs

[State's Signature Page to Sublease of _____]

[SUBLESSEE]

By _____

[Sublessee's Signature Page to Sublease of _____]

STATE OF COLORADO)
) ss.
CITY AND COUNTY OF DENVER)

The foregoing instrument was acknowledged before me this ____ day of August, 2009, by Cary Kennedy, Colorado State Treasurer, acting on behalf of the State of Colorado, and by Mary Wickersham, Chair of the Public School Capital Construction Assistance Board, acting on behalf of the State of Colorado.

WITNESS MY HAND AND OFFICIAL SEAL the day and year above written.

[NOTARIAL SEAL]

Notary

My commission expires:

STATE OF COLORADO)
) ss.
CITY AND COUNTY OF DENVER)

The foregoing instrument was acknowledged before me this ____ day of August, 2009 by _____ as _____ of the Board of Education of _____.

WITNESS MY HAND AND OFFICIAL SEAL, the day and year above written.

[NOTARIAL SEAL]

Notary

My commission expires:

EXHIBIT A

**TAX COMPLIANCE CERTIFICATE AND AGREEMENT LEGAL DESCRIPTION OF
LAND INCLUDED IN LEASED PROPERTY**

INSERT THE APPROPRIATE LEGAL DESCRIPTION FOR THE SUBLESSEE'S
LEASED PROPERTY FROM THE LEGAL DESCRIPTIONS SET FORTH BELOW:

1. LAND INCLUDED IN LEASED PROPERTY OF ALAMOSA SCHOOL DISTRICT
RE-11J

A TRACT OF LAND SITUATED IN THE NORTH HALF OF THE SOUTHEAST
QUARTER AND IN THE NORTHEAST QUARTER OF THE SOUTHWEST
QUARTER OF SECTION 9, TOWNSHIP 37 NORTH, RANGE 10 EAST OF THE
NEW MEXICO PRINCIPAL MERIDIAN, BEING A PART OF WASHINGTON
ADDITION TO ALAMOSA, COUNTY OF ALAMOSA, STATE OF COLORADO,
AND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS
FOLLOWS TO-WIT:

CONSIDERING THE LINE BETWEEN THE CENTER QUARTER CORNER AND
THE EAST QUARTER CORNER OF SAID SECTION 9 AS BEARING S89°47'26"E
AND WITH ALL BEARINGS CONTAINED HEREIN RELATIVE THERETO;

COMMENCING AT THE EAST QUARTER CORNER OF SAID SECTION 9;
THENCE S82°35'29"W A DISTANCE OF 2427.60 FEET TO A POINT ON THE
SOUTH RIGHT-OF-WAY LINE FOR WEST 8TH STREET IN ALAMOSA AND THE
TRUE POINT OF BEGINNING;

THENCE S00°12'51"W A DISTANCE OF 395.00 FEET;
THENCE S89°47'09"E A DISTANCE OF 450.00 FEET;
THENCE S00°12'51"W A DISTANCE OF 30.00 FEET;
THENCE S89°47'09"E A DISTANCE OF 270.00 FEET;
THENCE S00°12'51"W A DISTANCE OF 425.00 FEET TO A POINT ON THE
NORTH RIGHT-OF-WAY LINE FOR WEST 10TH STREET;
THENCE N89°47'09"W ALONG THE NORTH RIGHT-OF-WAY LINE FOR WEST
10TH STREET A DISTANCE OF 1710.00 FEET;
THENCE N00°12'51"E A DISTANCE 850.00 FEET TO A POINT ON THE SOUTH
RIGHT-OF-WAY LINE FOR WEST 8TH STREET;
THENCE S89°47'09"E ALONG SAID SOUTH RIGHT-OF-WAY LINE A DISTANCE
OF 990.00 FEET TO THE **TRUE POINT OF BEGINNING.**

2. LAND INCLUDED IN LEASED PROPERTY OF SANGRE DE CRISTO SCHOOL DISTRICT RE-22J

Parcel 2,
FRYE DIVISION OF LAND NO. 1, according to the Plat thereof
recorded May 11, 2009 at Reception No. 338506,
County of Alamosa,
State of Colorado.

3. LAND INCLUDED IN LEASED PROPERTY OF SARGENT SCHOOL DISTRICT RE-33J

A TRACT OF LAND SITUATED IN THE SOUTHWEST QUARTER OF SECTION 28, TOWNSHIP 40 NORTH, RANGE 8 EAST, NEW MEXICO PRINCIPAL MERIDIAN, RIO GRANDE COUNTY, COLORADO, AND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS TO-WIT:

CONSIDERING THE WEST LINE OF THE SOUTHWEST QUARTER OF SAID SECTION 28 AS BEARING N00°12'30"E AND WITH ALL BEARINGS CONTAINED HEREIN RELATIVE THERETO:

COMMENCING AT THE SOUTHWEST CORNER OF SAID SECTION 28; THENCE N28°46'48"E A DISTANCE OF 416.98 FEET TO THE **TRUE POINT OF BEGINNING**;

THENCE NORTH 79.67 FEET;
THENCE EAST 40.62 FEET;
THENCE NORTH 113.75 FEET;
THENCE WEST 107.50 FEET;
THENCE NORTH 26.58 FEET;
THENCE WEST 15.92 FEET;
THENCE NORTH 30.60 FEET;
THENCE EAST 15.97 FEET;
THENCE NORTH 28.58 FEET;
THENCE EAST 246.62 FEET;
THENCE SOUTH 85.77 FEET;
THENCE WEST 13.79 FEET;
THENCE SOUTH 58.08 FEET;
THENCE EAST 13.33 FEET;
THENCE SOUTH 150.00 FEET;
THENCE WEST 80.21 FEET;
THENCE NORTH 14.67 FEET;
THENCE WEST 99.12 FEET TO THE **TRUE POINT OF BEGINNING**;

AND THE FOLLOWING PARCEL MORE PARTICULARLY DESCRIBED AS FOLLOWS:

A PARCEL SITUATED IN THE SOUTHWEST QUARTER OF SECTION 28, TOWNSHIP 40 NORTH, RANGE 8 EAST, NEW MEXICO PRINCIPAL MERIDIAN, RIO GRANDE COUNTY, COLORADO, AND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS TO-WIT:

CONSIDERING THE WEST LINE OF THE SOUTHWEST QUARTER OF SAID SECTION 28 AS BEARING N00°12'30"E AND WITH ALL BEARINGS CONTAINED HEREIN RELATIVE THERETO:

COMMENCING AT THE SOUTHWEST CORNER OF SAID SECTION 28:
THENCE N03°08'22"E A DISTANCE OF 586.66 FEET TO A POINT ON THE EAST RIGHT-
OF-WAY LINE FOR COUNTY ROAD 2 EAST AND THE **TRUE POINT OF BEGINNING**:

THENCE N00°12'30"E ALONG THE EAST RIGHT-OF-WAY LINE FOR SAID COUNTY
ROAD 2 EAST A DISTANCE OF 30.60 FEET;
THENCE S89°47'30"E A DISTANCE OF 85.71 FEET;
THENCE SOUTH 30.60 FEET;
THENCE N89°47'30"W A DISTANCE OF 85.82 FEET TO THE **TRUE POINT OF**
BEGINNING.

LEGAL DESCRIPTION PREPARED BY:
REYNOLDS ENGINEERING COMPANY
MARTIN REYNOLDS, PLS #23847

EXHIBIT B

LEGAL DESCRIPTION OF LAND INCLUDED IN LEASED PROPERTY SPECIFICATIONS FOR PROJECT

INSERT THE APPROPRIATE SPECIFICATIONS FOR THE SUBLESSEE'S
PROJECT FROM THE SPECIFICATIONS SET FORTH BELOW:

SPECIFICATIONS ALAMOSA RE-11j

Two (2) New Schools (K-2 & 3-5) on Shared Site

Each new 2-story school building will be type II-B fully sprinklered construction and approximately 72,700 square feet, and includes 35 full size classrooms and 5 half-size classrooms. The project will be LEED "gold" certified. Construction components include the following:

Foundation: Concrete shallow spread footings/ grade beams.

Structure: Structural steel (beams, girders, joists, columns), load-bearing insulated concrete forms walls and load-bearing precast concrete walls.

Exterior Skin: Masonry veneer/ stucco on a combination of insulated concrete forms and metal stud walls, painted precast concrete walls, standing seam metal roof/ membrane roof and 1" insulated glass in aluminum window system with operable sections.

Interior Walls: Steel studs with gypsum wall board and a combination of non-load/ load-bearing masonry.

Interior Finishes: Painted walls, wall tile, carpet, floor tile, wood floor, sealed concrete floor, gypsum ceiling, soffits, suspended acoustical tile, painted exposed structure and masonry wainscot.

Equipment: Elevator, athletic and kitchen.

Fire Protection: Wet-type system tied to city water main.

HVAC: High efficiency boiler radiant in-floor heat with dedicated ventilation systems and energy recovery units.

Plumbing: Domestic drain, waste, vent system tied to city sewer main.

Electrical: 1,600 amp 3-phase service with power, data and lighting.

Site work: Bus loop, parent drop-off loop, parking lots, delivery drive, sidewalks, landscaping, play grounds w/ hard & soft surface and grass play area.

Programmed spaces for each school include the following:

- (35) Full sized classrooms
- (5) Half sized classrooms
- Library Media Center w/ offices
- Administration Area w/ offices & conference room
- (2) Teacher work rooms
- (5) Male/ Female Restroom Groups
- Gymnasium w/ platform (@ K-2 only)
- Gymnasium (@ 3-5)
- Kitchen w/ storage & office

- Cafeteria
- Janitor and storage rooms

Sargent School Project Specifications

New Sargent JR/ SR High School

The new 2-story school building will be type II-B fully sprinklered construction and approximately 62,463 square feet, and includes 15 full size classrooms and 3 half-size classrooms. The project will be LEED “gold” certified.

Construction components include the following:

- Foundation: Concrete shallow spread footings/ grade beams.
- Structure: Structural steel (beams, girders, joists, columns) and load-bearing precast concrete walls.
- Exterior Skin: Steel studs with masonry veneer/ stucco, painted precast concrete walls, standing seam metal roof/ EPDM roof and 1” insulated glass in aluminum window system with operable sections.
- Interior Walls: Steel studs with gypsum wall board and non-load bearing masonry.
- Interior Finishes: Painted walls, wall tile, carpet, floor tile, wood floor, sealed concrete floor, gypsum ceiling, soffits, suspended acoustical tile, painted exposed structure.
- Equipment: Elevator, athletic, science and kitchen
- Fire Protection: Wet-type system with 25,000 gallon storage tank and vertical shaft type pump.
- HVAC: Ground source radiant in-floor heat with dedicated ventilation systems and energy recovery units.
- Plumbing: Domestic drain, waste, vent system tied to on-site waste water treatment plant.
- Electrical: 1,600 amp 3-phase service with power, data and lighting.
- Site work: Bus loop, parent drop-off loop, delivery drive, sidewalks, landscaping
- Programmed spaces include the following:
 - (15) Full sized classrooms
 - (3) Half sized classrooms
 - Library Media Center w/ offices
 - Administration Area w/ offices & conference room
 - (3) Male/ Female Restroom Groups
 - (2) Male/ Female Locker Room Groups
 - Gymnasium
 - Auditorium w/ storage & dressing rooms
 - Kitchen w/ storage & office
 - Cafeteria w/ concessions
 - Weight room
 - Wrestling room
 - Science Prep room
 - Janitor and storage rooms

Elementary School Renovation as outlined below:

- Hallway addition connecting gym and elementary school
- To address safety issues from icing between buildings
- Drainage improvements between gym and elementary school
- Roof replacement on elementary school
- Roof replacement on elementary gym
- Add canopy at north side elementary gym
- To address safety issues from icing above doorway
- Elevator replacement to meet ADA requirements
- Electronic security lock at main entrance
- Video camera & entry access control at main entrance
- Add handrail main staircase to meet ADA requirements
- Add restroom group on 3rd floor to meet ADA requirements
- (1) Kindergarten classroom remodel
- Convert Cafeteria to the following spaces:
- (2) 1st grade classrooms
- Conference room
- Information Technology room
- Nurse office
- Storage room
- Add skylights to interior classrooms
- Window replacement of single pane windows
- Technology upgrades
- Tele/data cabling at I.T. room
- Charging Station Power
- HVAC upgrades to meet ventilation requirements
- Restroom fixture replacement to meet ADA requirement and water conservation

Existing High School Partial Demolition and Gym Renovation as outlined below:

- Demolition of existing non-historic portions of High School to the extent permitted with proceeds of the Series 2009A Certificates under the Tax Compliance Certificate executed by the district in connection with the execution of this Sublease
- Site concrete and asphalt paving removal.
- Gymnasium Upgrades
- Wood floor replacement
- Roof replacement
- (4) Auxiliary basketball goal replacement

- Window replacement
- Gymnasium Lobby Addition
- New entrance
- Public restroom group
- Concessions
- Proposed Maintenance Office
- Minor renovation of existing art building into maintenance office
- Heating unit repair
- Floor finish replacement after asbestos abatement

SPECIFICATIONS
SANGRE DE CRISTO RE-22J NEW PK-12 SCHOOL

The Sangre de Cristo School RE 22-J will open its doors in August 2011. Currently, the project is in the Schematic Design Phase. It is currently planning at 80,969 SF with (24) classrooms for the PK-12 school. Other types of spaces will include Administration, Library, Media Center/Computer Room, Main & Auxiliary Gymnasium(s), Kitchen/Cafeteria & Restrooms. A Bus Shed and Transportation & Maintenance Building is not included in the 80,969 SF and at 5,400 SF will be built at a reduced cost per square foot to which financials will be provided as further planning progresses.

Site Improvements will include Staff & Visitor Parking, Football Field with Track, Baseball Field, Elementary & PK Play Area, Ticket Booth/Concessions Area & Softball/Flex Field.

Because this project is in the Schematic Design Phase, firm details have not yet been established. However, it is anticipated that the building will consist of traditional spread footings; the roof will most likely be a combination of metal panel peak roof and other; the walls are anticipated to be masonry construction; the building will be sprinklered to meet code; further planning will define if the building is one story or two story; finishes will be in compliance with LEED 2009 for Schools, as well as tailored to provide reduced maintenance and longevity.

EXHIBIT C

ACCOUNTING ALLOCATION OF STATE'S BASE RENT

**BEST Program
State Debt Service (By Project)**

Maturity	Total Debt Service By Project: \$87,145,000				Matching Money Bond Debt Service*				Difference
	Alamosa	Sangre De Cristo	Sargent	Total	Alamosa	Sangre De Cristo	Sargent	Total	
2010	\$1,620,000	\$980,000	\$935,000	\$3,535,000	\$789,853	\$300,490	\$379,363	\$1,469,706	(\$2,065,294)
2011	\$2,740,000	\$1,660,000	\$1,575,000	\$5,975,000	\$789,272	\$301,893	\$377,211	\$1,468,377	(\$4,506,623)
2012	\$2,740,000	\$1,660,000	\$1,575,000	\$5,975,000	\$789,178	\$301,104	\$374,975	\$1,465,257	(\$4,509,743)
2013	\$2,740,000	\$1,660,000	\$1,575,000	\$5,975,000	\$788,465	\$300,108	\$376,357	\$1,464,929	(\$4,510,071)
2014	\$2,740,000	\$1,660,000	\$1,575,000	\$5,975,000	\$792,131	\$311,483	\$380,708	\$1,484,322	(\$4,490,678)
2015	\$2,740,000	\$1,660,000	\$1,575,000	\$5,975,000	\$789,970	\$314,525	\$377,438	\$1,481,933	(\$4,493,067)
2016	\$2,735,000	\$1,660,000	\$1,575,000	\$5,970,000	\$792,188	\$317,496	\$378,961	\$1,488,645	(\$4,481,355)
2017	\$2,735,000	\$1,660,000	\$1,575,000	\$5,970,000	\$788,580	\$320,052	\$380,070	\$1,488,702	(\$4,481,298)
2018	\$2,735,000	\$1,660,000	\$1,575,000	\$5,970,000	\$789,351	\$317,195	\$380,766	\$1,487,312	(\$4,482,688)
2019	\$2,735,000	\$1,660,000	\$1,575,000	\$5,970,000	\$789,295	\$319,132	\$376,048	\$1,484,475	(\$4,485,525)
2020	\$2,735,000	\$1,660,000	\$1,575,000	\$5,970,000	\$793,413	\$315,654	\$376,124	\$1,485,191	(\$4,484,809)
2021	\$2,735,000	\$1,660,000	\$1,575,000	\$5,970,000	\$791,496	\$316,971	\$380,786	\$1,489,252	(\$4,480,748)
2022	\$2,735,000	\$1,660,000	\$1,575,000	\$5,970,000	\$788,752	\$317,873	\$379,827	\$1,486,453	(\$4,483,547)
2023	\$2,735,000	\$1,660,000	\$1,575,000	\$5,970,000	\$790,182	\$318,362	\$378,456	\$1,486,999	(\$4,483,001)
2024	\$2,740,000	\$1,660,000	\$1,575,000	\$5,975,000	\$790,577	\$318,438	\$376,670	\$1,485,685	(\$4,489,315)
2025					\$789,939	\$318,100	\$379,471	\$1,487,510	\$1,487,510
2026					\$788,267	\$317,348	\$376,652	\$1,482,267	\$1,482,267
2027					\$790,561	\$316,183	\$378,420	\$1,485,164	\$1,485,164
2028					\$791,615	\$314,604	\$379,567	\$1,485,786	\$1,485,786
2029					\$791,428	\$317,612	\$380,094	\$1,489,133	\$1,489,133
Total	\$39,940,000	\$24,220,000	\$22,985,000	\$87,145,000	\$15,804,511	\$6,274,623	\$7,567,963	\$29,647,098	

*Assumes supplemental interest is paid.

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APPENDIX C

Form of Continuing Disclosure Undertaking

\$87,145,000
STATE OF COLORADO
BUILDING EXCELLENT SCHOOLS TODAY
CERTIFICATES OF PARTICIPATION
QUALIFIED SCHOOL CONSTRUCTION, SERIES 2009A

CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (the “**Disclosure Certificate**”) is executed and delivered by the State of Colorado (the “**State**”), acting by and through the State Treasurer, in connection with the issuance of the above-referenced Certificates of Participation (the “**2009A Certificates**”) evidencing assignments of proportionate interests in the right to receive certain payments payable under an annually renewable State of Colorado Building Excellent Schools Today Series 2009A Lease Purchase Agreement, dated as of August 12, 2009, entered between Zions First National Bank, as Trustee under a Master Trust Indenture (the “**Master Indenture**”) and a Series 2009A Supplemental Trust Indenture, each dated as of August 12, 2009 (the “**2009A Supplemental Indenture**” and, together with the Master Indenture, the “**Indenture**”), and the State. The 2009A Certificates are being delivered pursuant to the Indenture and under authority granted by the laws of the State, including particularly House Bill 08-1335 and Senate Bill 09-257, each codified in part by Article 43.7 of Title 22, Colorado Revised Statutes.

The State covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the State for the benefit of the owners of the Certificates and in order to allow the Participating Underwriters (as defined by Rule 15c2-12) to comply with Rule 15c2-12.

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Financial Information” means the financial information or operating data with respect to the State, delivered at least annually pursuant to Section 3 hereof, of the type set forth in the Official Statement, including but not limited to, such financial information and operating data under **Appendix E** – “THE STATE GENERAL FUND,” **Appendix F** – “PUBLIC SCHOOL CAPITAL CONSTRUCTION ASSISTANCE FUND,” and **Appendix G** – “CERTAIN STATE ECONOMIC AND DEMOGRAPHIC INFORMATION.”

“Audited Financial Statements” means the annual financial statements for the State, prepared in accordance with generally accepted accounting principles as applicable to governmental entities as in effect from time to time, audited by the State Auditor.

“Events” means any of the events listed in Section 4(a) of this Disclosure Certificate.

“MSRB” means the Municipal Securities Rulemaking Board. The address of the MSRB as of the date hereof is 1900 Duke Street, Suite 600, Alexandria, Virginia 22314; fax 703-683-1930. As of the date hereof, the MSRB’s required method of filing is electronically via its Electronic Municipal Market Access (EMMA) system, with a portal at <http://emma.msrb.org>.

“Official Statement” means the final Official Statement delivered in connection with the original issue and sale of the Certificates.

“Owner of the Certificates” means the registered owner of the Certificates, and so long as the Certificates are subject to the book entry system, any Beneficial Owner as such term is defined in the Indenture.

“Rule 15c2-12” shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Information.

(a) Commencing with the Fiscal Year ended June 30, 2009, and annually while the Certificates remain outstanding, the State shall provide to the MSRB the Annual Financial Information and Audited Financial Statements.

(b) Such Annual Financial Information shall be provided by the State not later than 270 days after the end of each Fiscal Year of the State. The Audited Financial Statements will be provided when available but in no event later than 210 days after the end of each Fiscal Year; provided, however, that in the event the Audited Financial Statements are not available within the time specified, such Audited Financial Statements will be provided as soon as they are available.

(c) The State may provide Annual Financial Information and Audited Financial Statements by specific cross-reference to other documents which have been submitted to the MSRB or filed with the Securities and Exchange Commission. If the document so referenced is a final official statement within the meaning of Rule 15c2-12, such final official statement must also be available from the MSRB. The State shall clearly identify each such other document so incorporated by cross-reference.

SECTION 4. Reporting of Events.

(a) This Section 4 shall govern the giving of notices of the occurrence of any of the following Events with respect to the Certificates:

1. Principal and interest payment delinquencies.
2. Non-payment related defaults.
3. Unscheduled draws on debt service reserves reflecting financial difficulties.
4. Unscheduled draws on any credit enhancement relating to the Certificates reflecting financial difficulties.
5. Substitution of credit or liquidity providers, or their failure to perform.

6. Adverse tax opinions or events affecting the tax-exempt status of the Certificates.
7. Modifications to the rights of the security holders.
8. Certificate calls (other than mandatory sinking fund redemption).
9. Defeasances.
10. Release, substitution or sale of property securing repayment of the securities.
11. Rating changes.

(b) At any time when the Certificates are Outstanding and the State obtains knowledge of the occurrence of an Event, the State shall determine if such Event would constitute material information for owners of Certificates, *provided*, that any Event under subsection (a)(7), (8) or (11) will always be deemed to be material.

(c) If the State determines that knowledge of the occurrence of an Event would be material, the State shall provide, in a timely manner, a notice of such occurrence to the MSRB. Notwithstanding the foregoing, notice of Events described in subsections (a)(8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to owners of affected Certificates pursuant to the Indenture.

(d) At any time the Certificates are outstanding, the State shall provide, in a timely manner, to the MSRB, notice of any failure of the State to timely provide the Annual Financial Information as specified in Section 3 hereof.

SECTION 5. Term. This Disclosure Certificate shall be in effect from and after the execution and delivery of the Certificates and shall extend to the earliest of (a) the date all principal and interest on the Certificates shall have been deemed paid pursuant to the terms of the Indenture; (b) the date that the State shall no longer constitute an “obligated person” with respect to the Certificates within the meaning of Rule 15c2-12; and (c) the date on which those portions of Rule 15c2-12 which require this Disclosure Certificate are determined to be invalid by a court of competent jurisdiction in a non-appealable action, have been repealed retroactively or otherwise do not apply to the Certificates, which determination may be made in any manner deemed appropriate by the State, including by an opinion of any attorney or firm of attorneys experienced in federal securities laws selected by the State. The State shall file a notice of any such termination with the MSRB.

SECTION 6. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the State may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if such amendment or waiver is required or permitted by Rule 15c2-12. Written notice of any such amendment or waiver shall be provided by the State to the MSRB, and the Annual Financial Information shall explain the reasons for the amendment and the impact of any change in the type of information being provided. If any amendment changes the accounting principles to be followed in preparing financial statements, the Annual Financial Information for the year in which the change is made will present a comparison between the financial statement or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The State shall provide notice of any such amendment or waiver to the MSRB.

SECTION 7. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the State from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other annual information or notice of occurrence of an event which is not an Event, in addition to that which is required by this Disclosure Certificate; provided that the State shall not be required to do so. If the State chooses to include any annual information or notice of occurrence of an event in addition to that which is specifically required by this Disclosure Certificate, the State shall have no obligation under this Disclosure Certificate to update such information or include it in any future annual filing or notice of occurrence of an Event.

SECTION 8. Default and Enforcement. If the State fails to comply with any provision of this Disclosure Certificate, any owner of the Certificates may take action to seek specific performance by court order to compel the State to comply with its undertaking in this Disclosure Certificate; provided that any Certificate Owner seeking to require the State to so comply shall first provide at least 30 days' prior written notice to the State of the State's failure (giving reasonable details of such failure), following which notice the State shall have 30 days to comply and, provided further, that only the owners of no less than a majority in aggregate principal amount of the Certificates may take action to seek specific performance in connection with a challenge to the adequacy of the information provided by the State in accordance with this Disclosure Certificate, after notice and opportunity to comply as provided herein, and such action shall be taken only in a court of jurisdiction in the State. A DEFAULT UNDER THIS DISCLOSURE CERTIFICATE SHALL NOT BE DEEMED AN EVENT OF DEFAULT UNDER THE INDENTURE OR THE CERTIFICATES, AND THE SOLE REMEDY UNDER THIS DISCLOSURE CERTIFICATE IN THE EVENT OF ANY FAILURE OF THE STATE TO COMPLY WITH THIS DISCLOSURE CERTIFICATE SHALL BE AN ACTION TO COMPEL PERFORMANCE.

SECTION 9. Beneficiaries. The Disclosure Certificate shall inure solely to the benefit of the State, the Participating Underwriters and owners from time to time of the Certificates, and shall create no rights in any other person or entity.

Date: August 12, 2009

**STATE OF COLORADO,
acting by and through the State Treasurer**

By: _____
Cary Kennedy, Colorado State Treasurer

APPENDIX D

Form of Bond Counsel Opinion

August 12, 2009

State of Colorado, acting by and through the State Treasurer
Zions First National Bank
RBC Capital Markets Corporation
JP Morgan Securities, Inc.
George K. Baum & Company
Stifel Nicolaus and Company, Incorporated

\$87,145,000
State of Colorado
Building Excellent Schools Today
Certificates of Participation
Qualified School Construction, Series 2009A

We have been engaged by the State of Colorado, acting by and through the State Treasurer (the “State”), to act as bond counsel in connection with the execution and delivery of the captioned certificates (the “Series 2009A Certificates”). The Series 2009A Certificates are being executed and delivered pursuant to a State of Colorado Building Excellent Schools Today Master Trust Indenture and a State of Colorado Building Excellent Schools Today Series 2009A Supplemental Trust Indenture, each dated as of August 12, 2009 (collectively, the “Indenture”), by Zions First National Bank, as trustee thereunder (the “Trustee”), and evidence undivided interests in the right to certain payments by the State under a State of Colorado Building Excellent Schools Today Series 2009A Lease Purchase Agreement dated as of August 12, 2009 (the “2009A Lease”) by and between the Trustee, as lessor, and the State, acting by and through the State Treasurer, as lessee. Capitalized terms used but not defined herein have the meanings assigned to them in the Indenture.

We have examined the documents listed in the preceding paragraph as well as the Tax Compliance Certificates related to the Series 2009A Certificates; the Constitution and the laws of the State; the Internal Revenue Code of 1986, as amended (the “Code”), and the regulations, rulings and judicial decisions relevant to the opinions set forth below; and such certified proceedings, certificates, documents, opinions and other papers as we deem necessary to render this opinion. As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certificates of public officials and others furnished to us without undertaking to verify the same by independent investigation. We have assumed the due authorization, execution and delivery of the 2009A Lease, the Indenture and the Series 2009A Certificates by the Trustee and have relied upon, and assumed the correctness of the legal conclusions stated in, the opinion, dated the date hereof, of the Attorney General of the State with respect to the authorization, execution and delivery of the 2009A Lease and other matters (other than the enforceability of the 2009A Lease).

We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the State. We have assumed compliance with all covenants and agreements contained in such documents, including (without limitation) covenants and agreements compliance with which is necessary to ensure that future actions, omissions or events will not cause the Series 2009A Certificates to fail to qualify as qualified school construction bonds within the meaning of Section 54F of the Code. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, waiver or severability provisions contained in the documents we reviewed.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Accordingly, this opinion speaks only as of its date and is not intended to, and may not, be relied upon in connection with any such actions, events or matters. Further, we call attention to the fact that the opinion expressed herein with respect to the qualification of the Series 2009A Certificates as qualified school construction bonds is based on new legal authorities, selected topics of which later may be supplemented through promulgation of temporary or proposed regulations or other published guidance with possible retroactive effect. Accordingly, this opinion speaks only as of its date and is not intended to, and may not, be relied upon in connection with any such actions, events, matters or future temporary or proposed regulations or other published guidance. Our engagement with respect to the Series 2009A Certificates has concluded with their issuance, and we disclaim any obligation to update this letter.

Based upon the foregoing, we are of the opinion, as of the date hereof and under existing law, that:

1. The State has the power to enter into and perform its obligations under the 2009A Lease.
2. The 2009A Lease has been duly authorized executed and delivered and is a legal, valid and binding obligation of the State enforceable against the State in accordance with its terms.
3. The Series 2009A Certificates evidence legal, valid and binding undivided interests in the right to certain payments, as provided in the Series 2009A Certificates and the Indenture, from Base Rent payable by the State under the 2009A Lease as provided in the 2009A Lease.
4. Under existing laws, regulations, rulings and judicial decisions, the Series 2009A Certificates are qualified school construction bonds within the meaning of Section 54F of the Code. Taxpayers who, for federal income tax purposes, own Series 2009A Certificates or Tax Credit Strips as of the credit allowance date (as defined in Section 54A of the Code) are entitled, subject to the limitations on the amount of credit set forth in Code Section 54A(c), to a federal income tax credit for such taxable year. With regard to the Tax Credits which have not been Stripped from the related Series 2009A Certificates, the amount of the Tax Credit will be treated as interest for federal income tax purposes and will be included in gross income for the Owners of Series 2009A Certificates. With regard to Tax Credit Strips and Principal Strips, the amount of original issue discount accruing thereon during each taxable year will be included in gross income by the Owner of such instrument. We express no opinion regarding (a) other federal tax consequences related to the ownership or disposition of, or the receipt of the Tax Credit or the accrual or receipt of the deemed interest with respect to, the Series 2009A Certificates, Principal Strips or Tax Credit Strips, (b) the effect of any termination of the State's obligations under the 2009A Lease, under certain circumstances as provided in the 2009A Lease, upon the treatment for federal income tax

purposes of any moneys received by the Owners of the Series 2009A Certificates, Principal Strips or Tax Credit Strips, or the availability of the Tax Credit, subsequent to such termination, or (c) the effect of any refunding, reissuance or defeasance of the Series 2009A Certificates.

5. Under existing Colorado statutes, interest on and income from the Series 2009A Certificates, Principal Strips or Tax Credit Strips, including the amount of the Tax Credit that is treated as interest for federal income tax purposes, is exempt from taxation and assessments in the State of Colorado. We express no opinion regarding (a) other tax consequences related to the ownership or disposition of, or the receipt of the Tax Credit or the accrual or receipt of the deemed interest with respect to, the Series 2009A Certificates, Principal Strips or Tax Credit Strips under the laws of the State or any other state or jurisdiction, (b) the effect of any termination of the State's obligations under the 2009A Lease, under certain circumstances as provided in the 2009A Lease, upon the treatment for State income tax purposes of any moneys received by the Owners of the Series 2009A Certificates, Principal Strips or Tax Credit Strips subsequent to such termination, or (c) the effect of any refunding, reissuance or defeasance of the Series 2009A Certificates.

The rights of the Owners of the Series 2009A Certificates and the enforceability of the Series 2009A Certificates and the 2009A Lease may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, by equitable principles, whether considered at law or in equity, by the exercise of judicial discretion, by the exercise by the State and its governmental bodies of the police power inherent in the sovereignty of the State and by the exercise by the United States of America of the powers delegated to it by the Constitution of the United States of America.

This opinion is limited to the matters specifically set forth above and we offer no other opinion or advice as to any other aspect of the transaction generally described herein. In particular, but without limitation, we offer no opinion or advice as to the enforceability of the 2009A Lease, the Indenture or the Series 2009A Certificates against the Trustee; legal title to the 2009A Leased Property; the creditworthiness or financial condition of the State or the Trustee; the accuracy or completeness of the statements made in connection with the offer and sale of the Series 2009A Certificates; or the ability of the State to use moneys from any particular source for the purpose of making payments under the 2009A Lease.

This opinion is solely for the benefit of the addressees in connection with the original delivery of the Series 2009A Certificates and may not be relied upon by any other person or for any other purpose without our express written consent.

Investors are urged to obtain independent tax advice regarding the Series 2009A Certificates based upon their particular circumstances. The opinions herein with respect to State and federal and State of Colorado income tax matters above regarding the Series 2009A Certificates are not intended or written to be used and cannot be used, for the purposes of avoiding federal taxpayer penalties and were written to support the promotion or marketing of the Series 2009A Certificates. The preceding sentence is intended to comply with the provisions of Section 10.35 of the United States Treasury publication Circular 230.

Respectfully submitted,

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APPENDIX E

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 following table sets forth a comparative summary of the actual results of operations of the General Fund for Fiscal Year 2003-04 through Fiscal Year 2007-08, as well as the forecast of the operations of the General Fund for Fiscal Year 2008-09 and Fiscal Year 2009-10 from the OSPB June 2009 Revenue Forecast.

The table assumes current law for General Fund appropriations, transfers to the General Fund and rebates and expenditures. It also reflects legislation passed by the 2009 General Assembly and signed into law by the Governor, the impact of the exercise by the Governor of the provisions of SB 09-279 for Fiscal Year 2008-09 as discussed in “Revenue Estimation – *Revenue Shortfalls*” and “OSPB Revenue and Economic Forecasts – Revenue Forecast” below, and the effect of the federal Jobs and Growth Tax Relief Reconciliation Act of 2003 (the “2003 Jobs Act”) enacted in 2003 and the American Recovery and Reinvestment Act (“ARRA”) enacted in 2009. The 2003 Jobs Act funds two types of financial assistance for the states. Colorado received a total of about \$86.4 million through the federal Medical Assistance Percentage Enhancement for Medicaid, which is reflected in the table. In addition, the State received approximately \$146.0 million as flexible federal grants that are not reflected in the table because they were treated as custodial funds.

The table also takes into account two provisions of the 2003 Jobs Act that provide tax relief for State taxpayers but also affect State tax revenues. The growth incentives for businesses offered under the 2003 Jobs Act include a 50% bonus depreciation allowance and a small business expensing provision. These incentives have 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.

The table also assumes the infusion of federal stimulus funding for Medicaid over three Fiscal Years, beginning with Fiscal Year 2008-09. Based on the current forecast, Colorado is anticipated to receive an anticipated 8.78% in enhanced federal funding, increasing the State’s federal match rate up from 50% to 58.78% for the second and third quarters of Fiscal Year 2008-09. Beginning in the fourth quarter of Fiscal Year 2008-09, Colorado is anticipated to receive an additional 1.41% federal match, based on the unemployment rate thresholds included in ARRA. All of these additional federal funds are anticipated to reduce General Fund expenditures.

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 also “FORWARD LOOKING STATEMENTS.”

State of Colorado General Fund Overview

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

	Actual (Unaudited) ⁽¹⁾					OSPB Forecast	
	Fiscal Year 2003-04	Fiscal Year 2004-05	Fiscal Year 2005-06	Fiscal Year 2006-07	Fiscal Year 2007-08	Fiscal Year 2008-09	Fiscal Year 2009-10
REVENUE:							
Beginning Reserve	\$ 216.6	\$ 224.0	\$ 237.4	\$ 251.7	\$ 267.0	\$ 283.5	\$ 142.6
Gross General Fund Revenue ⁽²⁾ :	6,045.2	6,474.8	6,964.6	7,539.8	7,742.9	6,689.0	7,160.0
<i>General Fund</i>	--	--	5,848.5	6,231.6	6,573.5	6,689.0	7,160.0
<i>General Fund Exempt</i> ⁽³⁾	--	--	1,116.1	1,308.2	1,169.4	--	--
Deposit to the State Education Fund ⁽²⁾	--	--	357.2	395.1	407.9	343.1	363.8
Gross General Fund Revenue Plus Deposit to the State Education Fund ⁽²⁾	6,045.2	6,474.8	7,321.8	7,934.9	8,150.8	7,032.1	7,523.8
Diversion to the Highway Users Tax Fund ⁽⁴⁾	--	--	(220.4)	(228.6)	(238.1)	--	--
Transfer to the State Education Fund (net) ⁽²⁾	(278.7)	(313.9)	--	--	--	--	--
Net Transfers to (from) the General Fund ⁽⁵⁾	52.1	64.2	155.1	--	(5.0)	612.5	(23.3)
TOTAL REVENUE	6,035.2	6,449.0	7,139.5	7,562.9	7,766.9	7,585.1	7,284.4
EXPENDITURES:							
Allowable General Fund Appropriations Limit ⁽⁶⁾	5,600.2	5,935.2	6,292.7	6,675.6	7,087.8	7,546.9	10,466.1
Total General Fund Appropriations Limit Not Supported by Revenues	--	--	--	--	--	(161.3)	(3,136.7)
Current Appropriation Subject to Limit	5,600.2	5,935.2	6,292.7	6,675.6	7,087.8	7,385.5	7,411.2
Current Appropriation (Above) Below Revenues ⁽⁷⁾	--	--	--	--	--	--	(81.8)
General Fund Appropriations (Subject to Limit) Supported by Forecast	5,600.2	5,935.2	6,292.7	6,675.6	7,087.8	7,385.5	7,329.4
<i>Appropriations Change From Prior Year</i>	185.8	337.2	361.2	382.9	412.3	297.7	(56.2)
<i>Percent Change</i>	3.4%	6.0%	6.1%	6.1%	6.2%	4.2%	(0.8)%
Exemptions to the Appropriations Limit ⁽⁸⁾	--	1.3	5.0	11.1	31.9	0.2	--
Spending Outside the Appropriations Limit:	88.6	176.4	153.4	360.0	320.2	250.0	154.2
<i>Federal Medical Assistance Enhancement for Medicaid</i>	(71.4)	--	--	--	--	--	--
<i>TABOR Refund</i>	--	41.1	--	--	--	--	--
<i>Rebates and Expenditures</i> ⁽⁹⁾	112.8	110.7	153.4	164.6	173.8	137.4	153.2
<i>Senior Homestead Exemption</i> ⁽¹⁰⁾	--	--	--	74.2	79.8	87.7	1.0
<i>Transfers to the Capital Construction Fund</i> ⁽¹¹⁾	9.5	0.2	10.1	145.9	93.7	24.9	--
<i>Transfer to Controlled Maintenance Trust Fund</i> ⁽¹²⁾	--	55.0	--	--	--	--	--
<i>General Fund Payback</i> ⁽¹³⁾	56.2	--	--	--	--	--	--
<i>Reversions and Accounting Adjustments</i>	(18.5)	(30.6)	(10.1)	(24.7)	(27.1)	--	--
Enhanced Medicaid Match (Reduces General Fund Expenditures) ⁽¹⁴⁾	--	--	--	--	--	(198.4)	(345.8)
TOTAL OBLIGATIONS	5,688.8	6,112.9	6,451.1	7,046.6	7,439.9	7,437.3	7,137.8
RESERVES							
Year-End Reserve	346.3	335.4	688.4	516.3	327.0	147.7	146.6
<i>Year-End Reserve as a Percent of Appropriations</i> ⁽¹⁵⁾	6.2%	5.6%	10.9%	7.7%	4.6%	2.0%	2.0%
Unappropriated Reserve Requirement ⁽¹⁵⁾	224.5	237.4	251.7	267.0	283.5	147.7	146.6
Moneys in Excess of Statutory Reserve:	121.8	98.0	436.7	249.3	43.4	--	--
<i>Transfer to the Highway Users Tax Fund (2/3)</i> ⁽¹⁶⁾	81.2	65.3	291.1	166.2	29.0	--	--
<i>Transfer to the Capital Construction Fund (1/3)</i> ⁽¹⁶⁾	40.6	32.7	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 Comprehensive Annual Financial Reports 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. For Fiscal Years 2003-04 and 2004-05, for purposes of the OSPB revenue forecasts, the amount deposited to the State Education Fund was included in gross General Fund revenues and then deducted to arrive at total funds available. Beginning with Fiscal Year 2005-06, such deposit is no longer included in gross General Fund revenues but rather is shown in the OSPB revenue forecasts as an addendum for informational purposes. For comparative purposes, for Fiscal Years 2005-06 and thereafter, gross General Fund revenues are shown as the sum of the amount reported in the OSPB revenue forecasts plus the amount 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."

[Footnotes continued on next page]

- (4) For Fiscal Years 2006-07, 2007-08 and 2008-09, per SB 97-1 and HB 00-1259, 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 for Fiscal Year 2009-10.
- (5) This line item constitutes other transfers both to and from the General Fund, including, without limitation, repayment to the Colorado State Veteran's Trust Fund and the Older Coloradans Cash Fund, budget balancing cash fund transfer bills (such as SB 09-210, SB 09-208 and SB 09-279), transfers from tobacco tax and litigation settlement moneys (per SB 09-269 and SB 09-270), Government Services Funds from ARRA and transfers of enhanced federal financial participation per SB 09-264 for specific programs that incorporate the certification of public expenditures process. For Fiscal Year 2008-09 it also includes the conditional transfers authorized by SB 09-279 upon written direction of the Governor as discussed in "Revenue Estimation – Revenue Shortfalls" and "OSPB Revenue and Economic Forecasts – Revenue Forecast" below.
- (6) See "STATE FINANCIAL INFORMATION – Budget Process and Other Considerations – Expenditures, Balanced Budget and Statutory Spending Limitation."
- (7) This projected shortfall exceeds one-half of the 2% Unappropriated Reserve requirement for Fiscal Year 2009-10, and therefore the Governor will be required to implement the procedures discussed in "Revenue Estimation – Revenue Shortfalls" below.
- (8) In Fiscal Year 2005-06, \$5.0 million was appropriated to the Department of Education as a result of a requirement of a state court order. In Fiscal Years 2006-07 and 2007-08, a total of \$11.1 million and \$31.9 million, respectively, is not subject to the Appropriations Limit pursuant to Section 24-75-201.1(1)(a)(III)(B), C.R.S., but is used as the base for calculation of the following year's Appropriation Limit. For Fiscal Year 2008-09, \$0.2 million is currently projected to be exempt from the Appropriations Limit.
- (9) This generally includes the Cigarette Rebate, Old Age Pension Fund, Property Tax, Heat and Rent Credit and Fire and Police Pensions. Per SB 03-263, State expenditures for unfunded, old hire pension plans in the Fire and Police Pensions Association were eliminated in Fiscal Years 2003-04 and 2004-05. 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 2003-04 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 2008-09, 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 Years 2003-04 through 2005-06, reinstated in Fiscal Years 2006-07 through 2008-09 and again suspended for Fiscal Year 2009-10 (except for an exemption for qualified disabled veterans).
- (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 Years 2004-05 and 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) HB 04-1267 repealed the statutory requirement to repay the Controlled Maintenance Trust Fund in Fiscal Years 2004-05 and 2005-06. Per SB 05-211, \$55 million was transferred to the Controlled Maintenance Trust Fund on June 30, 2005.
- (13) Per HB 02-1391, the State is required to pay back some transfers into the General Fund if there are sufficient revenues. SB 03-191 required that \$10 million be repaid to the Major Medical Fund on July 1, 2003, and SB 03-274 required that up to \$6.9 million be repaid to the Local Government Limited Gaming Impact Fund by September 1, 2003, from any revenues above \$5 million collected through the tax amnesty program.
- (14) The forecast assumes the infusion of federal stimulus funding for Medicaid over three Fiscal Years, beginning with Fiscal Year 2008-09. Based on the current forecast, Colorado is anticipated to receive an anticipated 8.78% in enhanced federal funding, increasing the State's federal match rate from 50% to 58.78% for the second and third quarters of Fiscal Year 2008-09. Beginning in the fourth quarter of Fiscal Year 2008-09, Colorado is anticipated to receive an additional 1.41% federal match, based on the unemployment rate thresholds included in ARRA. All of these additional federal funds are anticipated to reduce General Fund expenditures and are therefore shown as negative values.
- (15) See "STATE FINANCIAL INFORMATION – Budget Process and Other Considerations – Revenues and Unappropriated Amounts."
- (16) Per HB 02-1310, two-thirds of the General Fund reserve in excess of the Unappropriated Reserve requirement 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. This statutory requirement was repealed for Fiscal Year 2009-10.

Sources: State Treasurer's Office and OSPB June 2009 Revenue Forecast

Discussion of Recent General Fund Operations

The following is a discussion of the operations of the General Fund for the past five Fiscal Years. All figures are approximate unless otherwise stated. See also "General Fund Revenue Sources" above.

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 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. See also Management's Discussion and Analysis in "APPENDIX A – STATE COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2008," as well as "OSPB Revenue and Economic Forecasts" below.

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. "Other Revenue" category of the 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 Unappropriated Reserve for that Fiscal Year, and in accordance with HB 02-1310, two-thirds of the General Fund reserve in excess of the 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 Unappropriated Reserve for that Fiscal Year, and in accordance with HB 02-1310, two-thirds of the General Fund reserve in excess of the 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.

Fiscal Year 2004-05. General Fund revenues grew 7.1% in Fiscal Year 2004-05, compared to an increase of 6.7% in Fiscal Year 2003-04. Sales and use tax revenues increased 5.2% compared to an increase of 3.7% in Fiscal Year 2003-04. Individual income tax revenues increased 7.6% compared with an increase of 10.5% in Fiscal Year 2003-04. Total available funds for Fiscal Year 2004-05 were \$6,449.0 million and total obligations were \$6,112.9 million. In accordance with Amendment 23, \$313.9 million was transferred to the State Education Fund. The General Fund year-end reserve was \$335.4 million, which was allocated as follows: \$237.4 million constituted the statutorily required Unappropriated Reserve for that Fiscal Year, and in accordance with HB 02-1310, two-thirds of the General Fund reserve in excess of the Unappropriated Reserve requirement (\$65.3 million) was

transferred to the Highway Users Tax Fund and one-third of such excess (\$32.7 million) was transferred to the Capital Construction Fund.

Fiscal Year 2003-04. General Fund revenues rose 6.7% in Fiscal Year 2003-04, compared to a decrease of 3.1% in Fiscal Year 2002-03. Sales and use tax revenues increased 3.7% compared to a decline of 3.0% in Fiscal Year 2002-03. Individual income tax revenues increased 10.5%, compared to a decline of 6.7% in Fiscal Year 2002-03. Total available funds for Fiscal Year 2003-04 were \$6,035.2 million and total obligations were \$5,688.8 million. In accordance with Amendment 23, \$278.7 million was transferred to the State Education Fund. The General Fund year-end reserve was \$346.3 million, which was allocated as follows: \$224.5 million constituted the statutorily required Unappropriated Reserve for that Fiscal Year, and in accordance with HB 02-1310, two-thirds of the General Fund reserve in excess of the Unappropriated Reserve requirement (\$81.2 million) was transferred to the Highway Users Tax Fund and one-third of such excess (\$40.6 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 2007-08, individual and corporate income taxes comprised approximately 67% of total General Fund revenues, and general sales and use taxes contributed approximately 28% of total General Fund revenues (General Fund revenues described above are before State Education Fund diversion adjustments). The OSPB forecasts that General Fund revenue will grow at a compound average of annual rate of 1.6% between Fiscal Years 2007-08 and 2011-12, with nearly all of this growth anticipated between Fiscal Year 2010-11 and Fiscal Year 2011-12.

Individual Income Tax. The largest source of General Fund revenues is receipts generated by the individual income tax. Individual income tax revenues comprised 61.0% of total General Fund revenues (total receipts before State Education Fund diversions) in Fiscal Year 2007-08, and are forecast by the OSPB to comprise 61.1% of total General Fund revenues in Fiscal Year 2008-09 and 60.1% of total General Fund revenues in Fiscal Year 2009-10. Individual income tax revenues increased by 10.5% in Fiscal Year 2003-04, 7.6% in Fiscal Year 2004-05, 17.9% in Fiscal Year 2005-06, 11.3% in Fiscal Year 2006-07 and 2.1% in Fiscal Year 2007-08. However, the OSPB forecasts that Fiscal Year 2008-09 individual income tax revenues will decline by 13.6% over Fiscal Year 2007-08 as a result of high unemployment and negative or very little job growth, but that Fiscal Year 2009-10 individual income tax revenues will increase by 5.2% over Fiscal Year 2008-09.

Corporate Income Tax. Corporate income tax revenues accounted for 6.2% of total General Fund revenues (total receipts before State Education Fund diversions) in Fiscal Year 2007-08, and are forecast by the OSPB to comprise 4.0% of total General Fund revenues in Fiscal Year 2008-09 and 4.6% of total General Fund revenues in Fiscal Year 2009-10. Corporate tax receipts are the most volatile revenue source for the General Fund. Corporate income tax revenues increased 4.5% in Fiscal Year 2003-04. In Fiscal Year 2004-05, corporate income tax receipts rose 33.9% as a result of the 50% bonus depreciation and increased small business expensing provisions of the federal 2003 Jobs Act, the depreciation and expensing provisions of which expired in calendar year 2004. In addition, the cost cutting measures undertaken over the past several years, coupled with productivity increases, have improved corporate profitability and minimized losses. 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 and 2.0% in Fiscal Year 2007-08, but are forecast by the OSPB to decline in Fiscal Year 2008-09 by 44.6% over Fiscal Year 2007-08. The OSPB forecasts that a recovery will begin

in Fiscal Year 2009-10 as credit markets thaw and financial markets return to more stable rates of change, especially as federal stimulus funding begins to generate increased economic activity, with corporate income tax receipts forecast to increase by 22.6% over Fiscal Year 2008-09.

Sales and Use Taxes. Sales and use tax receipts accounted for 28.4% of General Fund revenue (total receipts before State Education Fund diversions) in Fiscal Year 2007-08, and are forecast by the OSPB to comprise 30.0% of total General Fund revenues in Fiscal Year 2008-09 and 30.4% of total General Fund revenues in Fiscal Year 2009-10. Sales and use tax revenues increased 3.7% in Fiscal Year 2003-04, 5.2% in Fiscal Year 2004-05, 5.7% in Fiscal Year 2005-06, 4.1% in Fiscal Year 2006-07, and 4.9% in Fiscal Year 2007-08. However, sales and use tax revenues for Fiscal Year 2008-09 are anticipated to decline by 8.9% from the previous year, attributable largely to the rapid collapse of auto sales, the rise in fuel prices and the subsequent inflationary increase in goods that drove out disposable income. The OSPB forecasts that as consumer confidence begins to rise and markets begin to stabilize, the State will experience relatively stable retail trade spending in the near term before pent up demand begins to escalate consumer spending again. However, per SB 09-275, the State will retain the full amount allowable from the 2.9% sales tax rate, without a reduction for administrative costs associated with vendors collecting the tax. This is forecast to result in the State receiving nearly \$90 million in additional sales tax revenue during Fiscal Years 2009-10 and 2010-11, before this change is repealed. Therefore, the State is forecast to experience sizable revenue growth during these next two Fiscal Years before returning to a lesser rate of growth for Fiscal Year 2011-12.

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 1.1% of General Fund revenue (total receipts before State Education Fund diversions) in Fiscal Year 2007-08, and are forecast by the OSPB to comprise 1.3% of total General Fund revenues in Fiscal Year 2008-09 and 1.2% of total General Fund revenues in Fiscal Year 2009-10. Other excise tax revenues increased 2.3% in Fiscal Year 2003-04 and 0.2% in Fiscal Year 2004-05, followed by a decline of 4.9% in Fiscal Year 2005-06, an increase of 2.0% in Fiscal Year 2006-07 and a decline of 0.7% in Fiscal Year 2007-08. The OSPB forecasts that other excise tax receipts will decrease 0.4% in Fiscal Year 2008-09 and 0.9% 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 4.9% 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. To the extent available and unappropriated by law, funds in the Tobacco Tax Cash Fund are Borrowable Resources.

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, Medicaid revenues and other income, and as a group are relatively volatile. Other revenues accounted for 3.2% of total General Fund revenues (total receipts before State Education Fund diversions) in Fiscal Year 2007-08, and are forecast by the OSPB to comprise 3.5% of total General Fund revenues in Fiscal Year 2008-09 and 3.7% of total General Fund revenues in Fiscal Year 2009-10. As a whole, revenues in this category declined 12.1% in Fiscal Year 2003-04, 3.6% in Fiscal Year 2004-05, 17.3% in Fiscal Year 2005-06, 7.2% in Fiscal Year 2006-07 and 1.7% in Fiscal Year 2007-08. 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 are instead transferred to the Clean Energy Fund. The OSPB forecasts that other revenues will decline 4.8% in Fiscal Year 2008-09, followed by an increase of 12.1% in Fiscal Year 2009-10.

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 2008-09 and 2009-10. See also “OSPB Revenue and Economic Forecasts” below and “FORWARD LOOKING STATEMENTS.”

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

	Actual					OSPB Estimate ⁽¹⁾	
	Fiscal Year 2003-04	Fiscal Year 2004-05	Fiscal Year 2005-06	Fiscal Year 2006-07	Fiscal Year 2007-08	Fiscal Year 2008-09	Fiscal Year 2009-10
Individual Income Tax	\$3,450.0	\$3,712.7	\$4,376.1	\$4,870.9	\$4,973.7	\$4,299.6	\$4,523.7
Change from Prior Year	10.5%	7.6%	17.9%	11.3%	2.1%	(13.6)%	5.2%
Corporate Income Tax ⁽²⁾	\$235.2	\$315.0	\$447.4	\$497.9	\$507.9	\$281.4	\$345.1
Change from Prior Year	4.5%	33.9%	42.0%	11.3%	2.0%	(44.6)%	22.6%
Sales and Use Tax ^{(3) (4)}	\$1,908.3	\$2,008.0	\$2,123.2	\$2,209.5	\$2,317.9	\$2,112.6	\$2,287.7
Change from Prior Year	3.7%	5.2%	5.7%	4.1%	4.9%	(8.9)%	8.3%
Other Excise Taxes	\$96.7	\$96.9	\$92.2	\$94.0	\$93.3	\$92.9	\$92.1
Change from Prior Year	2.3%	0.2%	(4.9)%	2.0%	(0.7)%	(0.4)%	(0.9)%
Other Revenues	\$355.0	\$342.2	\$282.9	\$262.5	\$258.1	\$245.6	\$275.2
Change from Prior Year	(12.1)%	(3.6)%	(17.3)%	(7.2)%	(1.7)%	(4.8)%	12.1%

(1) OSPB June 2009 Revenue Forecast.

(2) The federal tax relief packages adopted in 2001, 2002 and 2003 significantly reduced State net corporate income tax revenues in Fiscal Year 2003-04. In Fiscal Year 2004-05, a number of these federal tax relief provisions were no longer in effect, resulting in a large percentage increase in Fiscal Year 2004-05 State net corporate income tax revenues.

(3) For Fiscal Years 2006-07, 2007-08 and 2008-09, a portion of net sales and use tax revenues is 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 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.

(4) Sales tax figures for Fiscal Year 2008-09 and beyond 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. Finally, 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 the General Fund revenue estimate. The General Assembly is required to certify to the 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 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 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 is provided by Action Economics, which describes itself as delivering in-depth analysis of all relevant data releases featuring a wide range of fundamental and technical analysis of key market instruments. The OSPB forecasts the State economy using a model developed in-house.

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, the model forecasts only net corporate income tax revenues. For sales tax revenues, the forecast model uses separate equations for the 19 retail sales industries. Then, the separate forecasts are aggregated to arrive at a sales tax revenue forecast. 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 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 Fiscal Year budgets may be balanced and, based upon current forecasts, there is anticipated to be an Unappropriated Reserve, the State may nevertheless 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 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 June 2009 Revenue Forecast projects a Fiscal Year 2009-10 budgetary shortfall in excess of one-half of the 2% Unappropriated Reserve requirement for such Fiscal Year, and thus the Governor will be required to implement the procedures described above. See “General Fund Overview,” “OSPB Revenue and Economic Forecasts – Revenue Forecast” and “Budgetary Reduction Measures for Fiscal Years 2008-09 and 2009-2010 – Fiscal Year 2009-2010” in this Appendix.

Budgetary Reduction Measures for Fiscal Years 2008-09 and 2009-10.

Fiscal Year 2008-09. During the 2009 regular legislative session of the General Assembly, which concluded on May 6, 2009, a number of budgetary reduction measures were enacted in order to address the additional General Fund revenue shortfall for Fiscal Year 2008-09. Such legislation provides for, among other things, transfers of up to \$362.0 million from various cash funds to the General Fund in Fiscal Year 2008-09 and the reduction in the Unappropriated Reserve for Fiscal Year 2008-09 from 4% to 2% as discussed in “STATE FINANCIAL INFORMATION – Budget Process and Other Considerations – Revenues and Unappropriated Amounts.” In addition, approximately \$198.4 million of additional Federal Medicaid funding authorized under ARRA was used to balance the State budget for Fiscal Year 2008-09.

SB 09-219 and SB 09-279 provide that if the OSPB June Revenue Forecast indicates that General Fund expenditures for Fiscal Year 2008-09, based on appropriations then in effect, will exceed the General Fund revenues available for expenditure in that Fiscal Year, the Governor may order a reduction in the Unappropriated Reserve for Fiscal Year 2008-09 from 2% to either a lower percentage or to zero as discussed in “STATE FINANCIAL INFORMATION – Budget Process and Other Considerations – Revenues and Unappropriated Amounts” and may order a temporary transfer of funds to the General Fund on June 30, 2009, up to \$565.9 million, from certain identified cash funds. Based on the OSPB June Revenue Forecast, revenue estimates prepared by the Legislative Council and the recommendation of the Controller, on June 29, 2009, pursuant to the authority granted by SB 09-279, the Governor ordered the Treasurer and the Controller to transfer \$458,057,698 from specified cash funds to the General Fund on June 30, 2009, in order to balance the Fiscal Year 2008-09 budget. This amount was comprised of (i) the Controller’s estimated General Fund deficit at June 30, 2009, of approximately \$228.1 million, assuming the maintenance of the 2% Unappropriated Reserve in the General Fund, plus (ii) an additional amount as a contingency to mitigate the effects of any statutorily authorized overexpenditure and any additional shortfall between estimated and actual revenues, which are not finally determinable until after the end of the Fiscal Year. Due to the uncertainty of final revenues and expenditures, the entire amount of such transfer ultimately may not be needed to meet actual Fiscal Year 2008-09 appropriations. Pursuant to the provisions of SB 09-279, these amounts were restored to the various cash funds on July 1, 2009. See also “Fiscal Year 2009-10” below. In addition, SB 09-278 required the Treasurer to transfer the balance (\$219.0 million) of the Sales and Use Tax Holding Fund (the “SUTHF”) to the General Fund on June 30, 2009. Under previously existing statutes, the balance in the SUTHF was transferred to the Highway Users Tax Fund except to the extent that it was needed to ensure that the Unappropriated Reserve was maintained at the statutorily required percentage.

Overall, the measures described above provided for the approximately \$1,163.7 million of additional resources in the General Fund, including amounts made available, as the result of the reduction in the required amount of the Unappropriated Reserve and transfers or the diversion of approximately \$1,027.9 million of other cash funds into the General Fund, in order to balance the Fiscal Year 2008-09 budget. The use of some of these funds to balance the Fiscal Year 2008-09 budget was authorized by statute only for Fiscal Year 2008-09. Similar transfers were approved for balancing the Fiscal Year 2009-10 budget. However, these sources of funds will not continue to be available as a long-term balancing mechanism.

Fiscal Year 2009-10. Several bills enacted by the General Assembly during the 2009 legislative session also directly affect moneys available for the Fiscal Year 2009-10 budget, including the reduction in the Unappropriated Reserve for Fiscal Year 2009-10 from 4% to 2%.

The OSPB June Revenue Forecast projects that gross General Fund revenues in Fiscal Year 2008-09 will fall 13.6% below prior year levels, followed by an increase of 7.0% in Fiscal Year 2009-10 over Fiscal Year 2008-09 levels. Although the Fiscal Year 2009-10 budget signed by the Governor provides for only a 0.35% increase in appropriations over the Fiscal Year 2008-09 budget, the OSPB June Revenue Forecast projects that nevertheless there will be a Fiscal Year 2009-10 budgetary shortfall of \$81.1 million. This projection is based in part on the assumption that there would be a one-day transfer of cash funds to the General Fund of at least \$261.4 million for Fiscal Year 2008-09 in accordance with SB 09-279, which funds were required to be repaid on July 1, 2009. As discussed above, the actual transfer of cash funds to the General Fund pursuant to SB 09-279 was approximately \$458.1 million. However, the portion of such transfer in excess of \$228.1 million constituted a contingency to cover any variance between the projected deficit used to calculate the amount of the transfer and the actual Fiscal Year 2008-09 General Fund deficit (before the transfer) as eventually determined. The amount of this contingency that will actually be needed to meet Fiscal Year 2008-09 appropriations, and the impact of the larger than assumed SB 09-279 transfer on the Fiscal Year 2009-10 budgetary shortfall projected in the OSPB June Revenue Forecast, cannot yet be determined.

As the result of the-Fiscal Year 2009-10 budgetary shortfall projected in the OSPB June Revenue Forecast, additional reductions in appropriations and/or transfer of funds will be required in order to maintain a balanced budget for Fiscal Year 2009-10. The Governor has announced that immediate steps will be taken to determine the exact amount of the shortfall and then formulate a plan to balance the Fiscal Year 2009-10 budget. In addition, since the projected shortfall is in excess of one-half of the 2% Unappropriated Reserve requirement for Fiscal Year 2009-10, the Governor will also be required to implement the procedures described in “Revenue Estimation – *Revenue Shortfall*” above. See also “General Fund Overview,” “Recent General Fund Financial Results,” “General Fund Revenue Sources,” and “OSPB Revenue and Economic Forecasts – *Revenue Forecast*.”

OSPB Revenue and Economic Forecasts

The OSPB prepares quarterly revenue estimates covering a four year period. Currently, the OSPB is forecasting for Fiscal Year 2008-09 through Fiscal Year 2011-12. 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 June 22, 2009, 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 “FORWARD LOOKING STATEMENTS.”

Revenue Forecast. The OSPB June 2009 Revenue Forecast projects that gross General Fund revenues in Fiscal Year 2008-09 will fall 13.6% below prior year levels, attributable predominately to individual income tax collections declining by the same percentage and corporate income taxes falling more than 44.6%. State revenues are anticipated to begin a slow recovery over the next two Fiscal Years, mirroring the anticipated movement of Colorado’s economy.

The OSPB June 2009 Revenue Forecast also indicates that Fiscal Year 2008-09 revenues will be less than current appropriated amounts by \$256.3 million. However, per SB 09-279, for Fiscal Year 2008-09 only, if the OSPB June 2009 Revenue Forecast indicates that General Fund expenditures for Fiscal Year 2008-09, based on appropriations then in effect, will exceed General Fund revenues available for expenditure, upon written order of the Governor, the State Treasurer and the State Controller are to transfer to the General Fund on June 30, 2009, up to \$565.9 million from certain identified cash funds in the amounts required to permit prompt disbursement from the General Fund of any appropriations made therefrom for any lawful purpose. The OSPB June 2009 Revenue Forecast assumed that the Governor will exercise his authority under SB 09-279 and forecasted that the necessary transfer would be \$261.4 million, which would result in a balanced budget for Fiscal Year 2008-09. The actual Fiscal Year 2008-09 revenues were less than currently appropriated expenses by approximately \$228.1 million and the Governor ordered the transfer of \$458,057,698 from specified cash funds to the General Fund to balance the budget. Such transfer was repaid on July 1, 2009 as required by SB 09-279. See “Budgetary Reduction Measures for Fiscal Years 2008-09 and 2009-2010 – *Fiscal Year 2008-09*” above.

The OSPB June 2009 Revenue Forecast indicates that the State will have a budgetary shortfall of \$81.8 million in Fiscal Year 2009-10. Because this projected shortfall exceeds one-half of the 2% Unappropriated Reserve requirement for Fiscal Year 2009-10, the Governor would be required to implement the procedures discussed in “Revenue Estimation – *Revenue Shortfalls*” above. See also “Budgetary Reduction Measures for Fiscal Years 2008-09 and 2009-2010 – *Fiscal Year 2009-10*” below.

While economic conditions are anticipated to improve by the end of 2009, projected TABOR revenues in Fiscal Year 2009-10 are not anticipated to exceed Fiscal Year 2007-08 levels. Consequently, Fiscal Year 2007-08 is forecast to be the highest TABOR revenue year under Referendum C and, as a result, no TABOR refunds are anticipated during the forecast period.

No General Fund revenues are forecast to be available for transfer to the Highway Users Tax Fund or the Capital Construction Fund pursuant to SB 97-1 or HB 02-1310 in Fiscal Year 2008-09. This statutory requirement was repealed for Fiscal Year 2009-10.

See also “General Fund Overview” above.

Economic Forecast. The OSPB quarterly revenue forecasts also include both Colorado and national economic forecasts. The OSPB June 2009 Revenue Forecast states that both the national and Colorado economies remain in a recession; however, Colorado continues to fare better by comparison, due largely to its diverse base and its expansion of renewable energy, aerospace and biotechnology industries. The mix of Colorado’s base will allow the State to emerge strongly, once conditions improve. For purposes of the OSPB June 2009 Revenue Forecast, OSPB projects improvement in economic conditions in Colorado toward the end of calendar year 2009 and continuing into 2010.

The OSPB June 2009 Revenue Forecast notes that although some signs of recovery are becoming apparent, the national economy remains weakened, and the main risk to the Colorado economic forecast

is that the national economy will contract further. Additional considerations include the extent to which ARRA affects the economy, further unanticipated fiscal or monetary intervention, and energy market volatility.

The following is a discussion of the OSPB June 2009 Revenue Forecast of Colorado economic and demographic indicators. Following this discussion is a table that presents the historical trends of these indicators for calendar years 2004 through 2008, together with the OSPB forecast of such indicators for calendar years 2009 and 2010.

Employment

In April 2009, the Colorado seasonally adjusted unemployment rate decreased to 7.4%, down from 7.5% in March. While the decline of one-tenth of a percentage point does represent the first time since October 2007 that the unemployment rate has fallen, several months of data are needed in order to determine a trend. Between April 2008 and April 2009, the number of Coloradans unsuccessfully seeking work increased by 74,000, and total employment has fallen 62,900 over the same period.

The OSPB forecasts that it is likely that unemployment will continue to remain high in Colorado, especially as new graduates emerge from educational institutions and due to the lagging nature of job creation. Further, it should be noted that unemployment is a lagging indicator, which means that despite an economic turnaround, it will take some time before Colorado will realize more traditional levels of unemployed individuals relative to the workforce. The OSPB forecasts unemployment rates of 7.2% both in 2009 and 2010.

The OSPB forecasts that total nonagricultural employment will decline by 2.2% in 2009 and then increase only 1.0% in 2010 from the lower 2009 base.

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.

Consumer prices in the Denver-Boulder-Greeley area increased 3.9% in 2008, following a 2.2% increase in 2007. High fuel prices that extended through the second and third quarters of calendar year 2008 contributed to upward price pressure for clothing, food, transportation and even heating and cooling costs in Colorado. National data trends and significant slack in labor markets suggest diminished inflationary pressures in Colorado for the near term, and high unemployment and decreased aggregate demand are expected to minimize the potential for demand-pull inflationary pressure. However, for the long term, movement toward historical averages is still anticipated. The OSPB forecasts that inflation will remain flat in 2009 and increase by only 1.5% in 2010.

Wages and Income

Colorado personal income increased 4.7% in 2008 compared to 2007, while national personal income increased 3.8%. The OSPB forecasts that Colorado personal income will increase 0.2% in 2009 and 2.5% in 2010 as the economy begins to expand. These forecasted increases are consistent with expectations of slight investment earnings and reduced or flat wage growth, both for hourly and non-hourly workers.

The OSPB forecasts that Colorado wage and salary income will remain relatively unchanged in 2009 (declining only 0.2%) and increase by 1.0% in 2010. Wage and salary income expectations are influenced by current labor market conditions and the expected absence of upward inflationary pressures in 2009. This variable is projected to show improvement in 2010 as labor market conditions improve.

Population and Migration

In 2008, net in-migration to Colorado was approximately 50,000 and total population growth was 2.0%. The diversity of Colorado's economic base and unique tourist attractions make the State an attractive destination for both companies and people alike. Additionally, Colorado is positioned to emerge strongly from the current nationwide recession, and population growth is expected to increase as the State's economy recovers. The OSPB forecasts that Colorado population will increase by 2.8% in 2009 and 1.8% in 2010.

Construction

Housing starts in Colorado were down 35.6% in 2008 from the prior year. The housing sector continues to remain sluggish as the economic downturn persists. The OSPB forecasts housing starts to decrease 44.2% in 2009 followed by an increase of 41.5% in 2010 from the prior year. The OSPB June 2009 Revenue Forecast notes that the increase in 2010 will be from a base that is comparable to levels not seen since the early 1990s.

Nonresidential construction value declined 12.5% in 2008 from the prior year. The OSPB forecasts that nonresidential construction will continue to decrease 10.0% in 2009 but will increase by 3.6% in 2010. The construction sector is forecast to show improvements in 2010 as lending is expected to increase and demand increases.

Retail Trade

The OSPB reports that negative job growth, high unemployment and diminished consumer confidence contributed to a 0.8% decline in retail trade sales in 2008. The OSPB forecasts that retail trade sales will further decline by 1.7% in 2009, attributable to declining employment opportunities and expectations of low wage and salary growth during 2009, which will then be followed by an increase of 3.0% in 2010 influenced by an expectation of increased personal income in that year and consistent with expectations of economic expansion toward the end of 2009 and into 2010. Another contributing factor is the personal saving rate, which continues to trend upward but is anticipated to be reversed as consumer confidence improves and the economy stabilizes, at which point pent-up savings is expected to bolster retail trade sales.

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

Historical and Projected Key Colorado Economic Variables. The following table presents the economic and demographic indicators discussed above for the past four calendar years, as well as current OSPB estimates for calendar years 2009 and 2010. See also "APPENDIX G – CERTAIN STATE ECONOMIC AND DEMOGRAPHIC INFORMATION" for additional information relating to State's economy, as well as "FORWARD LOOKING STATEMENTS."

State of Colorado
History and Forecast of Key Colorado Economic Indicator Variables
(Calendar Years)

	Actual				OSPB Estimate	
	2005	2006	2007	2008	2009	2010
Current Income:						
Personal Income (billions)	\$175.4	\$188.2	\$199.5	\$209.3	\$209.8	\$215.1
Change from Prior Year	7.1%	7.3%	6.0%	4.9%	0.2%	2.5%
Wage and Salary Income (billions)	\$97.4	\$104.1	\$110.9	\$116.1	\$115.8	\$117.0
Change from Prior Year	5.8%	6.9%	6.5%	4.7%	(0.2)%	1.0%
Per Capita Income (\$/person)	\$37,611	\$39,612	\$41,192	\$42,377	\$41,313	\$41,626
Change from Prior Year	5.7%	5.3%	4.0%	2.9%	(2.5)%	0.8%
Population and Employment:						
Population (thousands)	4,662.7	4,751.5	4,842.8	4,939.5	5,078.3	5,167.4
Change from Prior Year	1.4%	1.9%	1.9%	2.0%	2.8%	1.8%
Net Migration (thousands)	30.1	49.1	50.5	50.0	38.5	46.1
Civilian Unemployment Rate	5.1%	4.4%	3.9%	4.9%	7.2%	7.2%
Total Nonagricultural Employment (thousands)	2,226.0	2,279.1	2,331.4	2,350.0	2,297.6	2,320.6
Change from Prior Year	2.1%	2.4%	2.3%	0.8%	(2.2)%	1.0%
Construction Variables:						
Total Housing Permits Issued (thousands)	45.9	38.3	29.5	19.0	10.6	15.0
Change from Prior Year	(1.3)%	(16.4)%	(23.2)%	(35.6)%	(44.2)%	41.5%
Nonresidential Construction Value (millions)	\$3,979.5	\$3,890.4	\$4,294.5	\$3,756.9	\$3,381.2	\$3,502.9
Change from Prior Year	26.1%	(2.2)%	10.4%	(12.5)%	(10.0)%	3.6%
Prices and Sales Variables:						
Retail Trade Sales (billions) ⁽¹⁾	\$65.5	\$70.4	\$75.4	\$74.8	\$73.5	\$75.7
Change from Prior Year	5.1%	7.6%	7.0%	0.8%	(1.7)%	3.0%
Denver-Boulder-Greeley CPI (1982-84=100)	190.9	197.7	202.0	209.9	209.9	213.0
Change from Prior Year	2.1%	3.6%	2.2%	3.9%	0.0%	1.5%

(1) The OSPB includes Food and Drinking Services as Retail Trade Sales, and therefore the total Retail Trade Sales in this table differ from those reported the table captioned "Colorado Retail Sales by Industry" in "APPENDIX G – CERTAIN STATE ECONOMIC AND DEMOGRAPHIC INFORMATION – Retail Sales."

Source: OSPB June 2009 Revenue Forecast

Investment of the State Pool

General. The investment of public funds by the Treasurer is subject to the general limitations discussed in "STATE FINANCIAL INFORMATION – Investment and Deposit of State Funds." The 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 Treasurer are valued and “marked to market” on a monthly basis according to market prices provided by J.P. Morgan Chase, the Treasury’s investment safekeeping bank.

Fiscal Year 2007-08 and Fiscal Year 2008-09 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 2007-08 and Fiscal Year 2008-09 for which information is available.

**State of Colorado
State Pool Portfolio Mix
Fiscal Year 2007-08
(Amounts expressed in millions)⁽¹⁾**

	Jul 2007	Aug 2007	Sept 2007	Oct 2007	Nov 2007	Dec 2007	Jan 2008	Feb 2008	Mar 2008	Apr 2008	May 2008	Jun 2008
Agency CMOs	\$ 158.1	\$ 156.7	\$ 206.6	\$ 204.9	\$ 203.2	\$ 201.4	\$ 200.0	\$ 218.4	\$ 221.0	\$ 237.8	\$ 234.3	\$ 261.8
Commercial Paper	1,418.8	1,498.9	1,374.8	1,562.0	1,510.4	1,174.1	1,193.0	1,024.3	1,132.6	1,013.1	745.1	1,025.6
U.S. Treasury Notes	555.2	515.9	515.7	510.3	515.5	525.0	525.0	525.1	525.1	525.3	510.6	515.6
Federal Agencies	1,966.3	1,639.1	1,672.8	1,414.9	1,386.0	1,893.3	2,169.1	2,030.1	2,027.8	2,701.2	3,102.3	2,605.0
Asset-Backed Securities	874.6	855.6	857.4	843.3	844.8	844.8	830.6	858.3	858.2	897.3	893.2	877.8
Money Market	140.0	185.0	355.0	355.0	380.0	400.0	435.0	445.0	490.0	460.0	430.0	385.0
Corporates	528.7	520.7	517.5	522.2	516.2	511.2	511.2	511.2	486.4	491.4	483.5	481.5
Certificates of Deposit	51.9	61.5	61.5	62.0	67.5	69.0	75.3	75.4	74.9	72.9	70.8	73.3
Totals	\$5,693.6	\$5,433.4	\$5,561.3	\$5,474.6	\$5,423.6	\$5,618.8	\$5,939.2	\$5,687.8	\$5,816.0	\$6,399.0	\$6,469.8	\$6,225.6

(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
Fiscal Year 2008-09
(Amounts expressed in millions)⁽¹⁾

	Jul 2008	Aug 2008	Sept 2008	Oct 2008	Nov 2008	Dec 2008	Jan 2009	Feb 2009	Mar 2009	Apr 2009	May 2009	Jun 2009
Agency CMOs	\$ 291.8	\$ 297.3	\$ 293.0	\$ 314.2	\$ 340.9	\$ 336.0	\$ 331.1	\$ 324.8	\$ 317.8	\$ 310.7	303.0	--
Commercial Paper	724.0	409.5	403.4	--	79.7	149.7	50.0	0.0	99.9	189.9	99.9	--
U.S. Treasury Notes	520.5	510.6	485.5	490.9	581.3	569.0	448.8	423.8	414.1	414.1	429.1	--
Federal Agencies	3,183.0	3,011.3	3,145.5	3,319.6	3,061.9	2,613.1	3,354.5	3,137.5	3,118.5	3,341.0	3,358.7	--
Asset-Backed Securities	878.6	850.1	819.6	786.9	765.6	974.2	734.1	693.1	676.7	646.0	631.3	--
Money Market	370.0	320.0	265.0	235.0	365.0	466.4	382.0	297.0	256.5	347.0	297.0	--
Corporates	478.5	451.1	449.1	447.8	455.8	454.2	449.2	434.2	429.2	414.5	416.5	--
Certificates of Deposit	76.3	79.2	76.2	73.7	72.4	79.7	78.3	78.0	78.0	76.5	77.2	--
Totals	\$6,522.7	\$5,929.1	\$5,937.3	\$5,668.1	\$5,722.6	\$5,642.3	\$5,828.0	\$5,388.4	\$5,390.7	\$5,739.7	5,612.7	--

(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

APPENDIX F

Public School Capital Construction Assistance Fund

Introduction

Pursuant to House Bill 08-1335 and Senate Bill 09-257 (codified in part by Article 43.7 of Title 22, Colorado Revised Statutes, as amended) (the “Act”), the Colorado General Assembly has created the Public School Capital Construction Assistance Board (the “Assistance Board”) and the Public School Capital Construction Assistance Fund (the “Assistance Fund”). In accordance with the Act, the Assistance Fund is funded from revenues received by the State of Colorado (the “State”) from (i) a portion of rental income and royalties derived from State public school lands, (ii) a portion of State lottery proceeds, (iii) amounts paid by certain K-12 public schools (“Participating K-12 Institutions”) for which capital projects are financed through the State’s Building Excellent Schools Today Program (the “Program”); and (iv) State appropriations described in the following paragraph.

Under the Act, the State Treasurer may enter into lease-purchase agreements (the “Leases”) for which the State may decide annually to appropriate rent from the Assistance Fund. The General Assembly is also authorized to appropriate or transfer moneys to the Assistance Fund from any legally available source, including the State General Fund, if the amount in the Assistance Fund is insufficient to pay the full amount of the payments due to be made under the Leases. See “APPENDIX E – The State General Fund.”

The decision of the State to appropriate funds to pay its obligations under the Leases or make up any shortfall in the Assistance Fund may be impacted by the amount and stability of revenues allocated to the Assistance Fund under the Act. As of June 19, 2009, the amount of \$56.8 million was on deposit in the Assistance Fund. The revenue sources for the Assistance Fund are further described below.

Rental Income and Royalties

The Territory of Colorado was established in 1861 pursuant to an enabling act (the “Enabling Act”). In the Enabling Act, the federal government declared that certain land previously owned by the federal government was to be granted in trust to the State for the support of the State’s public schools (the “Public School Lands”). On the date it was admitted to the United States, the State held roughly 3.7 million acres of Public School Lands. As of July 1, 2008, the Colorado State Land Board of Commissioners (the “State Land Board”) reported that the State held 2.7 million surface acres and 3.9 million mineral acres in trust as Public School Lands.

The Act provides that the following moneys are to be deposited in the Assistance Fund: the greater of 50% of the gross amount of “Public School Lands Income” received during a fiscal year or an amount of such income equal to the difference between the total amount of lease payments to be made by the State under the terms of the Leases and the total amount of Matching Moneys (as described below under “Matching Moneys”) to be paid to the State pursuant to the Matching Money Bonds issued by the Participating K-12 Institutions. Public School Lands Income is defined under the Act to include: (i) the sale of timber on Public School Lands, and rentals or lease payments for the use and occupation of Public School Lands, and rentals or lease payments for sand, gravel, clay, stone, coal, oil, gas, geothermal resources, gold, silver, or other minerals on Public School Lands (the “Timber Sales and Rents”); and (ii) royalties and other payments for the extraction of any natural resource on Public School Lands (the “Royalties”). Proceeds from the sale of Public School Lands are not part of Public School Lands Income, but such proceeds may be used by the State to purchase additional income-producing Public

School Lands. The State believes that the regulatory environment applicable to Public School Lands is stable and conducive to continued sale of timber, rental of minerals and extraction of natural resources.

The following table shows the Timber Sales and Rents and Royalties generated in each of the last five full fiscal years. There is no certainty that Timber Sales and Rents and Royalties will exceed or meet current levels.

Timber Sales and Rents and Royalties

	Fiscal Year 2004-2005	Fiscal Year 2005-2006	Fiscal Year 2006-2007	Fiscal Year 2007-2008	Fiscal Year 2008-2009 ⁽²⁾
Timber Sales and Rents ⁽¹⁾	\$14,065,252	\$13,146,774	\$14,165,247	\$16,463,597	\$14,559,856
Royalties ⁽¹⁾	<u>40,688,892</u>	<u>48,851,022</u>	<u>46,339,555</u>	<u>53,791,573</u>	<u>55,636,747</u>
Total	\$54,754,144	\$61,997,796	\$60,504,802	\$70,255,170	\$70,196,603

(1) Includes interest earned on these revenues before they are distributed.

(2) Preliminary, does not reflect certain accrual adjustments.

Source: State Land Board

State Lottery Proceeds

Article XXVII of the State constitution (the “Lottery Amendment”) created the Great Outdoors Colorado Program which allocates the “Net Proceeds” of State-supervised lottery games to various purposes. Net Proceeds are defined as all proceeds from all programs including Lotto and every other State-supervised lottery game operated under the authority of the Lottery Amendment less the cost of prizes and expenses of the State Lottery Division and other operational expenses of the State lottery. Section 3(1)(b)(III) of the Lottery Amendment requires that in every quarter of the State’s fiscal year, 50% of the Net Proceeds exceeding \$53.1 million for fiscal year 2007-2008 (or such amount as adjusted each year for changes from the 1992 Consumer Price Index-Denver) is to be allocated to the State’s General Fund. Effective May 22, 2008, the Act provides that all moneys that would otherwise be transferred to the State’s General Fund pursuant to Section 3(1)(b)(III) of the Lottery Amendment (the “BEST Lottery Share”) are to be deposited in the Assistance Fund.

If the Act had been in effect for the last five full fiscal years, the BEST Lottery Share deposits to the Assistance Fund would have been as provided in the table below. There is no certainty that the BEST Lottery Share will exceed or meet current levels.

BEST Lottery Share⁽¹⁾

	Fiscal Year 2004-2005	Fiscal Year 2005-2006	Fiscal Year 2006-2007	Fiscal Year 2007-2008	Fiscal Year 2008-2009
Best Lottery Share	\$2,396,438	\$1,691,454	\$12,545,316	\$8,219,905	\$8,045,692

(1) Amounts reflected above were generated in the prior fiscal year and received in the fiscal year as shown. Funds for the 2009-2010 fiscal year are expected to be received in August or September 2009.

Source: Colorado Department of Education

Matching Moneys

The Act defines “Matching Moneys” as moneys required to be paid to the State or used directly to pay a portion of the costs of a public school capital construction project by a Participating K-12 Institution as a condition of an award of financial assistance to the Participating K-12 Institution under the Program. The Assistance Board determines which percentage of the total financing for the Participating K-12 Institution’s project will constitute the required Matching Moneys for such Participating K-12 Institution. Such percentage varies depending on the Participating K-12 Institution. The obligations of Participating K-12 Institutions to pay Matching Moneys to the State may be evidenced by bonds issued by the Participating K-12 Institutions and delivered to the State (the “Matching Money Bonds”) or other types of obligations permitted by the Act and approved by the Assistance Board.

Currently, all of the Participating K-12 Institutions have obtained voter approval for their respective interest-bearing Matching Money Bonds, so the payment of the related Matching Moneys are not subject to annual appropriation by the Participating K-12 Institutions. Each of the Matching Money Bonds will constitute general obligations of the related Participating K-12 Institution and all of the taxable property within the boundaries of the Participating K-12 Institution will be subject to the levy of an ad valorem tax to pay the principal of, premium, if any, and interest on the related Matching Money Bonds without limitation as to rate and in an amount sufficient to pay the Matching Money Bonds when due. Based upon the opinion of bond counsel for the relevant 2009A Participating K-12 Institutions, the Matching Money Bonds may bear a supplemental coupon as part of fully funding the related Matching Money requirement if permissible under the ballot approved by voters.

Unless a Participating K-12 Institution opts not to participate, Section 22-41-110, C.R.S. (the “Bond Payment Act”) applies to general obligation bonds, such as the Matching Money Bonds. Each of the Participating K-12 Institutions has notified the State of its participation under the Bond Payment Act.

Under the Bond Payment Act, if the paying agent with respect to a particular Matching Money Bond has not received a payment on the Matching Money Bond on the business day immediately prior to the date on which such payment is due, the paying agent is required to notify the State Treasurer and the Participating K-12 Institution that issued the Matching Money Bond. The State Treasurer is then required to contact the Participating K-12 Institution to determine whether the Participating K-12 Institution will make the payment by the date on which it is due. If the Participating K-12 Institution indicates to the State Treasurer that it will not make the payment on the Matching Money Bond by the date on which it is due, the State Treasurer is required to forward to the paying agent, in immediately available funds from any legally available funds of the State, the amount necessary to make the payment of the principal of and interest on the Matching Money Bond.

If the State Treasurer makes a payment on a Matching Money Bond under the Bond Payment Act, he or she is required to withhold such amount from the next succeeding payment to that school district of the State’s share of the school district’s required funding under Colorado’s Public School Finance Act of 1994 and from property tax and specific ownership revenues collected by the county treasurer on behalf of the district (except property taxes levied for the payment of bonds) on each occasion on which the State Treasurer makes a payment on a bond on behalf of a district. While the withholding of such funding and property and specific ownership tax payments by the State is limited to 12 monthly payments, the Bond Payment Act does not correspondingly limit the State’s contingent obligation to pay the Matching Money Bonds.

If the State Treasurer is required to make a payment on a Matching Money Bond, the State Department of Education is required to initiate an audit of the school district to determine the reason for

the nonpayment of the Matching Money Bond and to assist the school district, if necessary, in developing and implementing measures to assure that future payments will be made when due.

The State has covenanted that it will not repeal, revoke, rescind, modify or amend the Bond Payment Act so as to limit or impair the rights and remedies granted under the Bond Payment Act. The Bond Payment Act provides, however, that it shall not be deemed or construed to require the State to continue the payment of State assistance to any school district or to limit or prohibit the State from repealing, amending, or modifying any law relating to the amount of State assistance to school districts or the manner of payment or the timing thereof. The Bond Payment Act further provides that it shall not be deemed or construed to create a debt of the State with respect to any Matching Money Bond within the meaning of any State constitutional provision or to create any liability except as specifically provided in the Bond Payment Act.

The Act provides that the maximum total of annual lease payments payable by the State under the Leases during any fiscal year under the terms of all outstanding Leases is (i) \$20 million for the 2008-2009 fiscal year, (ii) \$40 million for the 2009-2010 fiscal year, (iii) \$60 million for the 2010-2011 fiscal year and (iv) \$80 million for the 2011-2012 fiscal year and for each fiscal year thereafter. The State Treasurer may enter into Leases for which the aggregate annual lease payments of principal or interest for any fiscal year exceed one-half of the maximum total amount of annual lease payments provided in the preceding sentence only if the aggregate amount of Matching Moneys expected to be credited to the Assistance Fund and any interest or income derived from the deposit and investment of the Matching Moneys is at least equal to the annual lease payments of principal and interest payable by the State during any fiscal year that exceed one-half of said maximum total amount. Rent under the 2009A Certificates is not expected to reach 50% of the maximum amounts stated above.

State Appropriation or Transfer From Legally Available Sources

If the amount of moneys in the Assistance Fund that is available to pay lease payments under the Leases will be insufficient to cover the full amount of the lease payments required by the Leases, the Act provides that the General Assembly may appropriate or transfer from any legally available source to the Assistance Fund sufficient moneys to make the lease payments. **However, the General Assembly is not obligated to appropriate or transfer moneys for such purpose and the decision whether or not to appropriate any such amount for such purpose will be in the General Assembly's sole discretion.** See **Appendix E** hereto.

Future Changes in Laws

Various Colorado laws, including the Act, apply to the priority and allocation of Public School Lands Income, availability of funds for appropriation by the State and other operations of the State. There is no assurance that there will not be any change in interpretation of, or addition to the applicable laws, provisions and regulations which would have a material affect, directly or indirectly, on the affairs of the State or amounts deposited in the Assistance Fund.

APPENDIX G

Certain State Economic And Demographic Information

The following information is provided to give prospective investors general information concerning selected economic and demographic conditions existing in the State. The statistics have been obtained from the referenced sources and represent the most current information available; 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 may 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, the Treasurer, the Financial Advisor or any other officer or employee of or advisor to the State.*

Overview

Colorado is the most populous state in the Rocky Mountain region. The State has two distinctive geographic and economic areas. The eastern half of the State consists of the eastern plains, which are flat, open and largely devoted to farming, and the Front Range, that contains the major metropolitan areas. The western half of the State includes the Rocky Mountains and the Western Slope. A significant portion of the land in the western half of the State is heavily forested and mountainous, owned by the federal government and devoted to national parks or forests.

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 major economic center in the State and the Rocky Mountain region, having developed as a regional center for transportation, communication, finance and banking. More recently, the Front Range has attracted advanced-technology industries and is experiencing a resurgence in natural gas, oil and coal extraction.

The State's economy is sensitive to the national economy, leading to economic performance that depends a great deal on economic performance at the national level.

Population and Age Distribution

The following table sets forth population figures for Colorado and the United States since the last census.

**Population Estimates
(As of July 1)**

<u>Year</u>	<u>Colorado</u>		<u>United States</u>	
	<u>Population (Millions)</u>	<u>% Change</u>	<u>Population (Millions)</u>	<u>% Change</u>
2000	4.33	--	282.17	--
2001	4.43	3.0%	285.04	1.3%
2002	4.50	1.6	287.73	0.9
2003	4.55	1.0	290.21	0.9
2004	4.60	1.1	292.89	0.9
2005	4.66	1.4	295.56	0.9
2006	4.75	1.9	298.36	0.9
2007	4.84	1.9	301.29	1.0
2008	4.94	2.0	304.06	0.9

Source: U.S. Department of Commerce, Bureau of the Census

The following table sets forth a comparative age distribution profile for Colorado and the United States.

**Age Distribution as of July 1, 2008
(Totals may not add due to rounding)**

<u>Age</u>	<u>Colorado</u>		<u>U.S.</u>	
	<u>Population (Millions)</u>	<u>% of Total</u>	<u>Population (Millions)</u>	<u>% of Total</u>
Under 18	1.21	24.4%	73.94	24.3%
18 to 24	0.47	9.4	29.76	9.8
25 to 44	1.46	29.7	83.43	27.4
45 to 64	1.29	26.1	78.06	25.7
65 and over	<u>0.51</u>	<u>10.3</u>	<u>38.87</u>	<u>12.8</u>
Total	<u>4.94</u>	<u>100.0%</u>	<u>304.06</u>	<u>100.0%</u>
Median Age	35.7		36.8	

Source: United States Department of Commerce, Bureau of the Census

Income

The following table sets forth annual per capita personal income levels of Colorado, the Rocky Mountain region and the United States.

Per Capita Personal Income in Current Dollars

<u>Year</u>	<u>Colorado</u>		<u>Rocky Mountain Region⁽¹⁾</u>		<u>United States</u>	
	<u>Income</u>	<u>% Change</u>	<u>Income</u>	<u>% Change</u>	<u>Income</u>	<u>% Change</u>
2004	\$35,594	4.6%	\$31,337	5.0%	\$33,157	5.2%
2005	37,611	5.7	33,213	6.0	34,690	4.6
2006	39,612	5.3	35,082	5.6	36,794	6.1
2007	41,192	4.0	36,527	4.1	38,615	4.9
2008	42,377	2.9	37,459	2.6	39,751	2.9

(1) Includes Colorado, Utah, Idaho, Montana and Wyoming.

Source: U.S. Department of Commerce, Bureau of Economic Analysis

Employment

The following table sets forth recent Colorado employment statistics, as well as recent Colorado and U.S. unemployment rates.

Civilian Labor Force, Nonfarm Employment and Unemployment Rates (Seasonally Adjusted)

<u>Year</u>	<u>Colorado Civilian Labor Force</u>		<u>Colorado Nonfarm Employment</u>		<u>Unemployment Rate (Annual Average)</u>	
	<u>(Thousands)</u>	<u>% Change</u>	<u>(Thousands)</u>	<u>% Change</u>	<u>Colorado</u>	<u>United States</u>
2004	2,535.4	1.7%	2,179.7		5.6%	5.5%
2005	2,580.8	1.8	2,226.0	2.1	5.1	5.1
2006	2,642.7	2.4	2,279.1	2.4	4.4	4.6
2007	2,686.4	1.7	2,331.4	2.3	3.9	4.6
2008	2,730.4	1.6	2,350.0	0.8	4.9	5.8
2009 ⁽¹⁾⁽²⁾	2,719.7	--	2,261.6	--	7.6	9.4

(1) As of May 2009.

(2) Preliminary.

Source: U.S. Department of Labor, Bureau of Labor Statistics

The following table sets forth the number of individuals employed within selected industries in Colorado for the past five years based on the North American Industrial Classification System (“NAICS”) codes.

**Average Number of Employees Within Selected Industries in the State of Colorado
Subject to State Unemployment Laws – NAICS Classifications**

<u>Industry</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Agriculture, Forestry, Fishing, Hunting	14,547	14,963	14,834	14,592	14,083
Mining	14,374	17,007	20,682	25,033	28,328
Utilities	7,927	7,949	8,101	7,949	8,220
Construction	151,430	160,102	167,623	167,697	161,801
Manufacturing	154,548	150,586	148,848	146,744	144,158
Wholesale Trade	92,229	93,781	96,343	99,389	100,137
Retail Trade	241,410	246,048	248,443	253,591	252,685
Transportation and Warehousing	61,025	61,103	62,089	64,064	63,611
Information	81,243	77,438	75,614	76,132	76,977
Finance and Insurance	104,415	106,823	109,057	108,021	104,918
Real Estate, Rental and Leasing	46,005	46,854	47,690	47,865	46,857
Professional and Technical Services	144,793	155,997	162,988	170,573	176,438
Management of Companies and Enterprises	22,437	24,900	26,992	28,418	28,641
Administrative and Waste Services	131,697	135,276	141,856	149,122	146,470
Educational Services	23,485	24,823	25,754	26,969	27,687
Health Care and Social Assistance	192,430	197,134	202,378	210,524	219,877
Arts, Entertainment and Recreation	42,144	43,212	44,226	44,261	45,674
Accommodation and Food Services	209,187	214,191	220,745	225,799	227,275
Other Services	65,315	65,132	65,656	67,048	68,500
Nonclassifiable	196	263	268	510	906
Government	<u>341,707</u>	<u>345,972</u>	<u>351,372</u>	<u>358,032</u>	<u>367,684</u>
Total	<u>2,142,544</u>	<u>2,189,554</u>	<u>2,241,559</u>	<u>2,292,693</u>	<u>2,310,936</u>

Source: Colorado Department of Labor and Employment

Set forth in the following table are the estimated largest private sector employers in Colorado in 2008. No independent investigation has been made of and no representation is made herein as to the financial condition of the employers listed below or the likelihood that such employers will maintain their status as major employers in the State.

Estimated Largest Private Sector Employers in Colorado – 2008

<u>Employer</u>	<u>Type of Business</u>	<u>Estimated Employees⁽¹⁾</u>
Wal-Mart	Discount Stores	25,674
Dillon Companies (King Soopers/City Market)	Supermarkets	17,965
Centura Health	Health Care	13,000
Safeway Stores	Supermarkets	10,795
HCA-HealthOne	Health Care	9,600
Qwest Corporation	Telecommunications	9,055
Target Corporation	Discount Retailer	7,500
Exempla Healthcare	Hospital	7,092
Wells Fargo	Banking/Financial Services	6,000
University of Denver	Private University	5,989
United Airlines	Air Transportation	5,400
Kaiser Foundation Health Plan	Health Maintenance Organization	5,285
United Parcel Service	Delivery Services	4,910
International Business Machines Corp	Computers	4,750
Ecosphere	Satellite Television	4,519
Comcast Mo Group	Cable Service Provider	4,500
Frontier Airlines	Air Transportation	4,500
Lockheed Martin Space Systems	Aerospace and Defense	4,500
Molson Coors Brewing	Brewery	4,100
Xcel Energy	Utility	3,853
Ball Corporation	Containers, Aerospace	3,800
University of Colorado Hospital	Hospital	3,688
Children's Hospital Association	Hospital	3,422
Albertson's	Supermarkets	2,800
Sun Microsystems	Computers	2,593

(1) Figures include full-time and part-time employees.

Source: Colorado Department of Labor and Employment

Set forth in the following table are the estimated largest public sector employers in Colorado in 2008.

Estimated Largest Public Sector Employers in Colorado – 2008

<u>Employer</u>	<u>Estimated Employees⁽¹⁾</u>
Federal Government	35,141
State of Colorado	33,000
University of Colorado System	28,089
City and County of Denver	13,081
Jefferson County School District No. R-1	12,122
Denver County School District No. 1	11,324
US Postal Service	11,169
Arapahoe County School District No. 5 (Cherry Creek)	9,167
Colorado State University	6,900
Douglas County School District Number Re1	7,362
Denver Health	4,880
Adams 12 Five Star Schools	4,868
Colorado Springs Memorial Hospital	4,800
Adams-Arapahoe School District No. 28J (Aurora)	4,744
Poudre School District R-1	4,100
Boulder Valley School District No. Re-2	3,964
Colorado Springs School District No. 11	3,915
City of Aurora	3,868
St. Vrain Valley School District No. RE1J	3,550
Mesa County Valley School District No. 51	3,380
City of Colorado Springs	2,840
Jefferson County	2,693
Academy School District No. 20 (Colorado Springs)	2,554
Thompson School District R-2J (Loveland)	2,534
Pueblo School District No. 60	2,450
Regional Transportation District (RTD)	2,407
Greeley School District No. 6	2,380
Littleton School District No. 6	2,102
Arapahoe County	1,953

(1) Figures include full-time and part-time employees.

Source: Colorado Department of Labor and Employment

Retail Sales

Set forth below are recent annual sales figures for Colorado as reported for State sales tax purposes.

Colorado Retail Sales (Dollar amounts in billions)

<u>Year</u>	<u>Gross Sales</u>		<u>Retail Sales</u>	
	<u>Amount</u>	<u>% Change</u>	<u>Amount</u>	<u>% Change</u>
2004	\$152.571	9.8%	\$114.281	8.4%
2005	164.998	8.1	122.907	7.5
2006	184.677	11.9	133.531	8.6
2007	202.478	9.6	148.673	11.3
2008	211.215	4.3	152.748	2.7

Source: Colorado Department of Revenue

The following table sets forth Colorado retail sales figures by industry.

Colorado Retail Sales by Industry⁽¹⁾
(Dollar amounts in billions)

	2004		2005		2006		2007		2008	
Agriculture, Forestry and Fisheries	\$ 0.165	15.6%	\$ 0.173	5.2%	\$ 0.299	72.4%	\$ 0.341	14.1%	\$ 0.306	(10.3)%
Mining	0.991	48.0	1.400	41.3	2.102	50.2	2.843	35.2	3.383	19.0
Public Utilities	4.679	16.5	5.840	24.8	5.455	(6.6)	6.300	15.5	7.068	12.2
Construction Trades	2.548	6.0	.679	5.2	3.261	21.7	3.678	12.8	3.771	2.5
Manufacturing	7.356	15.0	.383	14.0	10.057	20.0	11.351	12.9	11.878	4.6
Wholesale Trade	9.488	19.7	11.111	17.1	12.394	11.5	14.553	17.4	14.476	(0.5)
Retail Trade:										
Motor Vehicles and Auto Parts	13.977	2.1	13.592	(2.8)	13.263	(2.4)	14.135	6.6	12.133	(14.2)
Furniture and Home Furnishings	2.328	9.9	2.381	2.3	2.487	4.4	2.577	3.6	2.353	(8.7)
Electronics and Appliance Stores	1.875	5.7	1.911	1.9	2.068	8.2	2.306	11.5	2.244	(2.7)
Building										
Materials/Improvement/Nurseries	4.962	15.1	5.582	12.5	5.822	4.3	5.786	(0.6)	5.308	(8.3)
Food & Beverage Stores	9.836	2.3	10.429	6.0	11.068	6.1	12.091	9.2	12.931	6.9
Health/Personal Care Stores	1.725	19.3	1.733	0.5	1.984	14.5	2.139	7.8	2.263	5.8
Service Stations	3.580	16.6	4.329	20.9	4.886	12.9	5.210	6.6	5.767	10.7
Clothing/Accessory Stores	2.601	6.9	2.588	(0.5)	2.878	11.2	3.190	10.8	3.104	(2.7)
Sporting										
Goods/Hobby/Book/Music Stores	2.296	2.1	2.383	3.8	2.543	6.7	2.694	6.0	2.593	(3.8)
General										
Merchandisers/Warehouse Stores	9.126	7.1	9.803	7.4	10.300	5.1	10.992	6.7	11.335	3.1
Miscellaneous Stores	2.193	(6.9)	2.388	8.9	2.416	1.2	2.460	1.8	2.364	(3.9)
Non-Store Retailers	1.380	15.2	.536	11.3	2.003	30.4	.710	5.2	4.300	15.9
Total Retail Trade ⁽²⁾	55.878	5.9	58.655	5.0	61.718	5.2	67.291	9.0	66.695	(0.9)
Transportation and Warehousing	0.703	25.6	0.790	2.3	0.887	12.3	0.829	(6.5)	0.760	(8.3)
Information Producers/Distributors	5.164	2.6	5.691	10.2	.799	1.9	6.242	7.6	6.880	10.2
Finance and Insurance	1.014	(4.8)	1.368	35.0	1.994	45.7	2.294	15.0	2.965	29.3
Real Estate, Rental and Leasing										
Services	2.823	3.2	3.028	7.3	3.392	12.0	.647	7.5	3.615	(0.9)
Professional, Scientific and										
Technical Services	6.367	14.2	5.501	(13.6)	5.987	8.8	6.622	10.6	6.913	4.4
Business, Administrative, Support,										
Waste/ Remediation Services	1.286	11.9	1.402	9.0	1.446	3.1	1.740	20.3	1.956	12.4
Educational Services	0.263	20.5	0.329	25.3	0.390	18.3	0.425	9.1	.462	8.6
Health Care and Social Assistance										
Services	3.019	6.2	3.267	8.2	3.566	9.2	4.472	25.4	5.275	17.9
Arts, Entertainment and Recreation										
Services	0.713	1.1	0.771	8.2	0.890	15.4	0.955	7.3	0.972	1.7
Hotel and Other Accommodation										
Services	2.103	3.8	2.271	8.0	2.602	14.6	2.905	11.7	3.035	4.5
Food and Drinking Services ²	6.470	9.2	6.746	4.3	7.456	10.5	8.052	8.0	8.265	2.6
Other Personal Services	2.976	8.7	3.146	5.7	3.480	10.6	3.826	9.9	3.825	(0.0)
Government Services	0.275	9.0	0.354	28.9	0.357	0.7	0.306	(14.1)	0.250	(18.5)
	\$114.281	8.4%	\$122.908	7.5%	\$133.531	8.6%	\$148.673	11.3%	\$152.748	2.7%

(1) Does not reflect all sales due to data suppressed to protect the confidentiality of employers, and therefore may not accurately estimate the increase or decrease in sales in certain years.

(2) The OSPB also includes Food and Drinking Services in the Retail Trade category for purposes of its quarterly forecasts, and therefore the total retail trade figures in this table differ from the retail trade figures discussed in "HISTORICAL AND PROJECTED GENERAL FUND PERFORMANCE – OSPB Revenue and Economic Forecasts – *Economic Forecast - Historical and Projected Key Colorado Economic Variables.*"

Source: State of Colorado Department of Revenue

Tourism

The following table presents tourism information in Colorado as reflected by visits to National Parks and ski areas in the State, as well as statistics regarding conventions in the Denver area.

Colorado Tourism Statistics

Year	National Parks Visits		Conventions ⁽¹⁾						Skier Visits ⁽²⁾	
	Number (Millions)	% Change	Conventions		Delegates		Spending		Number (Millions)	% Change
			Number	%	Number (Thousands)	%	Amount (Millions)	%		
2004	5.98	(4.0)%	30	15.4%	114.5	8.8%	\$181.6	8.8%	11.25	(3.1)%
2005	5.99	0.2	40	33.3	153.4	34.0	305.7	68.3	11.82	5.0
2006	5.90	(1.5)	55	37.5	180.2	17.5	358.9	17.4	12.53	6.1
2007	5.66	(4.1)	75	36.4	215.4	19.5	429.1	19.5	12.57	0.3
2008	5.44	(3.9)	75	--	293.4	36.2	n/a	n/a	12.54	(0.2)

(1) Includes only those conventions held at the Colorado Convention Center.

(2) Data for skier visits reflects the number of visits in the ski season ending in the referenced year.

Source: Colorado Office of Economic Development & International Trade, Colorado Tourism Office, National Parks Service, Denver Metropolitan Convention & Visitors Bureau, Downtown Denver, Inc., and Colorado Ski Country USA

Residential Housing Starts

The following table sets forth a five-year history of residential building permits for Colorado.

New Privately Owned Housing Units Authorized in Colorado

Year	1 Unit	2 Units	3 and 4 Units	5+ Units	Total	% Change
2004	40,753	434	744	4,568	46,499	--
2005	40,140	580	653	4,518	45,891	(1.3)%
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)

Source: U.S. Department of Commerce, Bureau of the Census

Residential Foreclosures

The following are recent residential foreclosure statistics for Colorado. The foreclosure “filing” is the event that begins the foreclosure process. In general, when a borrower is at least three months delinquent and in default, the borrower will receive a “notice of election and demand” from the Public Trustee of the county in which the property is located. At this point, the property is in foreclosure. A foreclosure filing can be “cured” and “withdrawn” before the home is sold at auction, meaning that not all foreclosure filings result in a final foreclosure sale. Approximately 120 days after the initial filing, the property may be sold at the Public Trustee auction to a third party or to the mortgage company. Once the foreclosure sale takes place, eviction proceedings will proceed during the next several weeks.

The following table sets forth residential foreclosure filings and foreclosure sales in Colorado for the past five years and the first quarters of 2008 and 2009.

Foreclosure Filings and Sales in Colorado

<u>Year</u>	<u>Foreclosure Filings</u>	<u>% Change</u>	<u>Foreclosure Sales at Auction</u>	<u>% Change</u>
2004	16,801	23.8%	7,782	24.4%
2005	21,782	29.6	12,699	63.2
2006	28,435	30.5	17,451	37.4
2007	39,915	40.4	25,054	43.6
2008 ¹	39,307	(1.5)	21,301	(15.0)
 <u>First Quarter</u>				
2008 ⁽¹⁾⁽²⁾	11,634	--	5,899	--
2009	10,745	(7.6)	4,354	(26.2)

(1) Due to the legal change in the foreclosure process, foreclosure sales of new foreclosures filed during 2008 were not permitted during March and April, and legislation that took effect in August effectively prevented the issuance of a large number of notices of election and demand. The effect of these changes was to lessen the amount of foreclosure activity that could legally take place during the first, second and third quarters of 2008.

(2) First quarter 2007 information was incomplete and therefore no percentage changes are shown.

Source: Colorado Division of Housing

APPENDIX H

Form of Series 2009A Certificate and Tax Credit Coupon

[See Appendix A to 2009A Supplemental Indenture attached as **Appendix B** to the Official Statement]

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APPENDIX I

Table of Redemption Values

[See Appendix C to Supplemental Indenture attached as **Appendix B** to the Official Statement]

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