NEW ISSUE – Book-Entry Only

RATINGS: Moody's: "Aa2"
S&P: "AA-"
See "RATINGS"

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, the portion of Base Rent paid by the State which is designated and paid as interest on the Series 2012H Certificates is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. Under existing Colorado statutes, the interest received by the Owners of the Series 2012H Certificates with respect to their undivided interests in the Base Rent that is designated and paid as interest under the Leases is exempt from State of Colorado income tax. Bond Counsel expresses no opinion regarding other tax consequences related to the ownership or disposition of Series 2012H Certificates. See "TAX MATTERS" herein.

$195,965,000
STATE OF COLORADO
BUILDING EXCELLENT SCHOOLS TODAY
CERTIFICATES OF PARTICIPATION
TAX-EXEMPT SERIES 2012H

Dated: Date of Delivery

Due: March 15, as shown on the inside cover

The Series 2012H Certificates are being executed and delivered as fully registered certificates in denominations of $5,000, or any integral multiple thereof. The Series 2012H Certificates bear interest at the rates set forth herein, payable on September 15, 2013, and semiannually thereafter on March 15 and September 15 of each year, to and including the maturity dates shown on the inside cover hereof (unless the Series 2012H Certificates are redeemed earlier) by check or draft mailed to the registered owner of the Series 2012H Certificates, initially Cede & Co., as nominee of The Depository Trust Company, New York, New York ("**DTC**"), securities depository for the Series 2012H Certificates.

DTC initially will act as securities depository for the Series 2012H Certificates. Individual purchases will be made in book-entry form only. Purchasers of the Series 2012H Certificates will not receive physical delivery of certificates, all as more fully described herein. Payments on the Series 2012H 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 2012H Certificates, as more fully described herein. *Capitalized terms used but not defined on this cover page have the meanings assigned to them in the Glossary included in the form of 2012H Supplemental Indenture attached as **Appendix B** to this Official Statement.*

Maturity and interest rate information for the Series 2012H Certificates is located on the inside cover page of this Official Statement.

The Series 2012H Certificates will be executed and delivered by Zions First National Bank, Denver, Colorado, as trustee (the "**Trustee**") pursuant to and secured by a Master Trust Indenture (the "**Master Indenture**") dated as of August 12, 2009 as supplemented and amended by a Series 2009A Supplemental Trust Indenture, dated as of August 12, 2009 (the "**2009A Supplemental Indenture**"), a Series 2010B-C Supplemental Trust Indenture (the "**2010B-C Supplemental Indenture**"), dated as of March 16, 2010, a Series 2010D-F Supplemental Trust Indenture (the "**2010D-F Supplemental Trust Indenture**") dated as of December 16, 2010, a Series 2011G Supplemental Trust Indenture (the "**2011G Supplemental Trust Indenture**"), dated as of December 8, 2011, an October 2012 Supplemental Trust Indenture (the "**October 2012 Supplemental Indenture**") dated as of October 31, 2012, and a Series 2012H Supplemental Trust Indenture, dated as of the delivery of the Series 2012H Certificates (the "**2012H Supplemental Indenture**"). (The Master Indenture, as supplemented by the 2009A Supplemental Indenture, the Series 2010B-C Supplemental Indenture, the 2010D-F Supplemental Indenture, the 2011G Supplemental Indenture, the October 2012 Supplemental Indenture and the Series 2012H Indenture and as further supplemented and amended from time to time, is referred to as the "**Indenture**"). The Series 2012H Certificates are not the only Certificates to be executed and delivered pursuant to the Indenture. The Series 2009A Certificates, the Series 2010B-C Certificates, the Series 2010D-F Certificates and the Series 2011G Certificates have been previously executed and delivered pursuant to the Indenture. The Series 2009A Certificates, the Series 2010B-C Certificates, the Series 2010D-F Certificates, the Series 2011G Certificates, the Series 2012H 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 basis and will evidence undivided interests in the right to certain payments by the State under the annually renewable Series 2009A Lease Purchase Agreement dated August 12, 2009 (the "**2009A Lease**"), the Series 2010B-C Lease Purchase Agreement dated March 16, 2010 (the "**2010B-C Lease**"), the Series 2010D-F Lease Purchase Agreement dated as of December 16, 2010 (the "**2010D-F Lease**"), the Series 2011G Lease Purchase Agreement dated as of December 8, 2011 (the "**2011G Lease**"), the Series 2012H Lease Purchase Agreement dated as of the date of delivery of the 2012H Certificates (the "**2012H 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, the 2010B-C Lease, the 2010D-F Lease, the 2011G Lease, the 2012H Lease and such other annually renewable lease-purchase agreements, collectively, are referred to as the "**Leases**"). Pursuant to applicable statutes, 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 rental income and royalties derived from State school lands; (ii) a portion of the State lottery proceeds; (iii) payments of Matching Moneys from certain K-12 public school institutions, including charter 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, any moneys that the Colorado General Assembly transfers to the Assistance Fund from any other legally available sources, including the State General Fund.

The net proceeds of the Certificates have been and 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 Indenture. The net proceeds of the Series 2012H Certificates will be used to pay the costs of certain projects approved by the State Board (the "**Series 2012H Projects**") for certain Participating K-12 Institutions as further described herein (the "**Series 2012H Participating K-12 Institutions**"), to make a deposit to the State Expense Fund and to pay the costs of issuance of the Series 2012H 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 (or, in the case of some charter schools, the chartering entities) 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 the relevant Participating K-12 Institutions pursuant to Subleases. The Leased Property subject to the 2012H Lease is referred to as the "**2012H Leased Property**" and is further described herein.

The Series 2012H Certificates are subject to redemption prior to their stated maturity date, 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 Participation Agreement, any obligation to pay Matching Moneys 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 2012H 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 Lovells US LLP, Denver, Colorado, has acted as counsel to the Underwriters. Piper Jaffray & Co., Denver, Colorado, and First Southwest, Greenwood Village, Colorado, have acted as co-financial advisors to the State in connection with the offering and execution and delivery of the Series 2012H Certificates. It is expected that the Series 2012H Certificates will be executed and available for delivery through the facilities of DTC, on or about December 6, 2012.

RBC Capital Markets

D.A. Davidson & Co. **George K. Baum & Company** **Stifel Nicolaus**

Dated: November 27, 2012

MATURITY SCHEDULE
(CUSIP© 6-digit issuer number: 19668Q)[1]

$195,965,000
STATE OF COLORADO
BUILDING EXCELLENT SCHOOLS TODAY
CERTIFICATES OF PARTICIPATION
TAX-EXEMPT SERIES 2012H

Maturing (March 15)	Principal Amount	Interest Rate	Yield	CUSIP©	Maturing (March 15)	Principal Amount	Interest Rate	Yield	CUSIP©
2014	$1,810,000	2.00%	0.480%	FJ9	2022	$2,850,000	4.00%	1.860%	GK5
2015	1,780,000	2.00	0.570	FK6	2023	5,005,000	4.00	2.090[2]	FT7
2015	2,000,000	4.00	0.570	GE9	2024	2,500,000	2.25	2.250	FU4
2016	1,895,000	2.00	0.750	FL4	2024	2,705,000	4.00	2.250[2]	GL3
2016	2,000,000	4.00	0.750	GF6	2025	5,365,000	4.00	2.360[2]	FV2
2017	2,005,000	2.00	0.840	FM2	2026	2,000,000	2.50	2.500	FW0
2017	2,000,000	4.00	0.840	GG4	2026	3,580,000	4.00	2.500[2]	GM1
2018	2,125,000	2.00	1.040	FN0	2027	5,770,000	4.00	2.590[2]	FX8
2018	2,000,000	4.00	1.040	GH2	2028	6,000,000	4.00	2.660[2]	FY6
2019	4,245,000	5.00	1.180	FP5	2029	6,240,000	4.00	2.720[2]	FZ3
2020	650,000	2.00	1.420	FQ3	2030	6,485,000	4.00	2.780[2]	GA7
2020	3,805,000	4.00	1.420	GJ8	2031	6,745,000	4.00	2.840[2]	GB5
2021	4,620,000	5.00	1.610	FR1	2032	7,010,000	4.00	2.900[2]	GC3
2022	2,000,000	2.00	1.860	FS9					

$100,775,000 3.250% Term Certificate due March 15, 2035, Yield: 3.350% CUSIP: 19668QGD1

(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 2012H 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.

(2) Priced to the first par call on March 15, 2022.

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 2012H 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 2012H 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 2012H 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 2012H 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 2012H Certificates and may not be reproduced or used in whole or in part for any other purpose.

The Series 2012H 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 2012H Certificates and the terms of the offering, including the merits and risks involved. The Series 2012H 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 2012H 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 2012H CERTIFICATES, THE UNDERWRITERS MAY ENGAGE IN TRANSACTIONS INTENDED TO STABILIZE THE PRICE OF THE SERIES 2012H CERTIFICATES AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

* * *

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

This Official Statement, including but not limited to the material set forth under "STATE FINANCIAL INFORMATION," "DEBT AND CERTAIN OTHER FINANCIAL OBLIGATIONS," "LITIGATION AND SOVEREIGN IMMUNITY" and in **Appendices E, F and I** 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. The State does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations change or events, conditions or circumstances on which these statements are based occur.

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STATE OF COLORADO
NIL SINE NUMINE
1876

OFFICIAL STATEMENT

$195,965,000
STATE OF COLORADO
BUILDING EXCELLENT SCHOOLS TODAY
CERTIFICATES OF PARTICIPATION
TAX-EXEMPT SERIES 2012H

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, Tax-Exempt Series 2012H (the "**Series 2012H Certificates**"). The Series 2012H Certificates are being executed and delivered by Zions First National Bank, Denver, Colorado, as trustee (the "**Trustee**") pursuant to a Master Trust Indenture, dated as of August 12, 2009 (the "**Master Indenture**") as supplemented and amended by a Series 2009A Supplemental Indenture, dated as of August 12, 2009 (the "**2009A Supplemental Indenture**"), a Series 2010B-C Supplemental Trust Indenture, dated as of March 16, 2010 (the "**2010B-C Supplemental Indenture**"), a Series 2010D-F Supplemental Trust Indenture, dated as of December 16, 2010 (the "**2010D-F Supplemental Indenture**"), a Series 2011G Supplemental Trust Indenture dated as of December 8, 2011 (the "**2011G Supplemental Indenture**"), an October 2012 Supplemental Trust Indenture, dated as of October 31, 2012 (the "**October 2012 Supplemental Indenture**") and a Series 2012H Supplemental Trust Indenture dated as of the date of delivery of the Series 2012H Certificates (the "**2012H Supplemental Indenture**"). (The Master Indenture, as supplemented and amended by the 2009A Supplemental Indenture, 2010B-C Supplemental Indenture, 2010D-F Supplemental Indenture, 2011G Supplemental Indenture, October 2012 Supplemental Indenture, 2012H Supplemental Indenture and as further supplemented and amended from time-to-time, is referred to as the "**Indenture**"). The Series 2012H Certificates are not the only Series of Certificates (as defined in the forms of Master Indenture and 2012H Supplemental Indenture attached hereto in **Appendix B**) to be executed and delivered pursuant to the Indenture. The (a) State of Colorado Building Excellent Schools Today Certificates of Participation, Qualified School Construction Series 2009A (the "**Series 2009A Certificates**") in the original aggregate principal amount of $87,145,000; (b) State of Colorado Building Excellent Schools Today Certificates of Participation, Taxable Build America Series 2010B (the "**Series 2010B Certificates**") in the original aggregate principal amount of $85,715,000; (c) State of Colorado Building Excellent Schools Today Certificates of Participation, Tax-Exempt Series 2010C (the "**Series 2010C Certificates**") in the original aggregate principal amount of $13,970,000; (d) State of Colorado Building Excellent Schools Today Certificates of Participation, Taxable Qualified School Construction Series 2010D (the "**Series 2010D Certificates**") in the original aggregate principal of amount of $95,690,000; (e) State of Colorado Building Excellent Schools Today Certificates of Participation, Taxable Build America Series 2010E (the "**Series 2010E Certificates**") in the original aggregate principal amount of $119,840,000; (f) State of Colorado Building Excellent Schools Today Certificates of Participation, Tax-Exempt Series 2010F (the "**Series 2010F Certificates**") in the original aggregate principal amount of $2,000,000; and (g) State of Colorado Building Excellent Schools Today Certificates of Participation, Tax-Exempt Series 2011G (the "**Series 2011G Certificates**") in the original aggregate principal amount of $146,635,000 have been previously executed and delivered pursuant to the Indenture. The Series 2009A Certificates, the Series 2010B Certificates, the Series 2010C Certificates, the Series 2010D Certificates, the Series 2010E Certificates, the Series 2010F Certificates and the Series 2011G Certificates are collectively referred to herein as the "**Prior Certificates**"). The Prior Certificates are currently outstanding in the aggregate principal amount of $517,250,000. The Prior Certificates and the Series 2012H 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 basis 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 August 12, 2009 (the "**2009A Lease**"), the Series 2010B-C Lease Purchase Agreement dated as of March 16, 2010 (the "**2010B-C Lease**"), the Series 2010D-F Lease Purchase Agreement dated as of December 16, 2010 (the "**2010D-F Lease**"), the Series 2011G Lease Purchase Agreement dated as of December 8, 2011 (the "**2011G Lease**"), the Series 2012H Lease Purchase Agreement dated as of the date of delivery of the Series 2012H Certificates (the "**2012H 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 (the "**State**"), acting by and through the State Treasurer (the "**State Treasurer**"), as lessee. The 2009A Lease, the 2010B-C Lease, the 2010D-F Lease and the 2011G Lease are collectively referred to herein as the "**Prior Leases.**" The Prior Leases, the 2012H Lease and such other annually renewable lease-purchase agreements are collectively referred to as the "**Leases**." Capitalized terms used herein and not otherwise defined have the meanings assigned to them in the Glossary attached in the form of the 2012H Supplemental 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 2012H Certificates to potential investors is made only by means of the entire Official Statement.

Authority for Delivery

The Series 2012H Certificates are being delivered pursuant to the Indenture, certain provisions of the Internal Revenue Code of 1986, as amended (the "**Code**") described herein and under authority granted by the laws of the State, including certain statutes 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 Indenture. The 2012H Lease is being entered by the State in order to fund certain Projects approved by the State Board on November 14, 2012 (the "**2012 State Board Approval**") as described in "The Series 2012H Projects" under this caption for the Series 2012H Participating K-12 Institutions in accordance with the Act. See "The Program" and "The Series 2012H 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 2012H Certificates will be payable solely from amounts annually appropriated by the Colorado General Assembly to make payments under the Leases, as described in "Sources of Payment for the Series 2012H 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, any 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 Series 2012H 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 Participating K-12 Institutions are to be deposited in the Assistance Fund. The obligation, if any, of a Series 2012H Participating K-12 Institution to pay Matching Moneys to the State will be satisfied by (a) cash delivered at the time the Series 2012H Certificates are delivered or (b) a bond issued by a Series 2012H Participating K-12 Institution or its chartering entity and delivered to the State (a "**Matching Moneys Bond**"). **Matching Moneys and other amounts deposited in the Assistance Fund do not directly secure payment of the Series 2012H Certificates. Once Matching Moneys are deposited in the Assistance Fund, such amounts are available to be appropriated by the State to pay principal and interest on the Certificates or for other purposes permitted by the Act, including, without limitation, defraying the cost of Projects.** See **Appendix F** for a description of the Assistance Fund.

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, G and I hereto.

The Program

The Colorado General Assembly has established the Building Excellent Schools Today Program (the "**Program**") in order to implement the Act. The Program has been designed to provide funds to rebuild, repair or replace the State's most dangerous and necessary K-12 facilities for the most needy institutions and leverage such financial assistance through local matching contributions from such institutions. Schools and projects for funding are evaluated by the Assistance Board through an ongoing application process supplemented by a statewide needs assessment and site visits. Projects are prioritized by the Assistance Board based on the following criteria, in descending order of importance: (1) projects addressing health, safety and security; (2) projects to relieve overcrowding; (3) projects that incorporate technology into the educational environment; and (4) all other projects. The Assistance Board's review results in a prioritized list of projects to be submitted to the State Board for final approval.

The 2012H Lease is being entered into by the State in order to fund certain Projects as further described in "The Series 2012H Projects" under this caption (the "**Series 2012H Projects**"). The Master Indenture permits the execution of other Leases or amendments to the Leases 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 2012H CERTIFICATES – Additional Series of Certificates." The Prior Certificates have been previously executed and delivered pursuant to the Indenture in order to fund certain projects as further described under "SECURITY AND SOURCES OF PAYMENT – The Leased Property" and are paid and secured on parity with the Series 2012H Certificates and any future Certificates executed and delivered pursuant to the Master Indenture. 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 2012H 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 2012 State Board Approval and by the Colorado General Assembly if the aggregate Rent payable under such future Leases, together with the Rent on, the 2012H Lease and the Prior Leases, would cause the maximum aggregate annual lease payments permitted

by the Act to be exceeded. For a description of the Program and such maximum aggregate annual lease payments, see "PLAN OF FINANCING – The Program."

Purposes of the Series 2012H Certificates

Proceeds from the sale of the Series 2012H Certificates will be used to finance the Costs of the Series 2012H Projects for the Series 2012H Participating K-12 Institutions, as more fully described in "The Series 2012H Participating K-12 Institutions" under this caption and "PLAN OF FINANCING – The Series 2012H Projects and Series 2012H Participating K-12 Institutions." Proceeds of the Series 2012H Certificates will also be used to fund a deposit to the State Expense Fund and to pay the costs of issuance associated with the Series 2012H Certificates. See "PLAN OF FINANCING – Sources and Uses of Funds" for a description of the estimated uses of proceeds of the Series 2012H Certificates.

The Series 2012H Participating K-12 Institutions

Proceeds of the Series 2012H Certificates are expected to be used to fund the Series 2012H Projects for the benefit of the following entities in Colorado (collectively, the "**Series 2012H Participating K-12 Institutions**"): (1) Elbert School District No. 200; (2) Genoa-Hugo School District No. C-113; (3) Greeley School District No. 6 in the County of Weld and State of Colorado ("**Greeley School District No. 6**"); (4) Hi-Plains R-23; (5) Lake County School District No. R-1; (6) Montezuma-Cortez School District No. RE-1; (7) Otis School District No. R-3; (8) Platte Valley School District No. RE3; and (9) Sheridan School District No. 2. See "PLAN OF FINANCING – The Series 2012H Projects and Series 2012H Participating K-12 Institutions."

The Series 2012H Projects

The Series 2012H Projects involve various capital projects for the Series 2012H Participating K-12 Institutions approved in the 2012 State Board Approval, at certain funding levels. In accordance with the terms of the 2012H Subleases between the State and the Series 2012H Participating K-12 Institutions, each of the Series 2012H Participating K-12 Institutions agrees to construct the respective projects, and in accordance with the 2012H Lease, the State has agreed to cause the projects of the Series 2012H Participating K-12 Institutions that will execute and deliver 2012H Subleases to be constructed by causing such Series 2012H Participating K-12 Institution to comply with its related 2012H Sublease, but no failure of the related Series 2012H Participating K-12 Institution to comply with the relevant provisions of its 2012H Sublease will relieve the State of its obligation to cause the facilities to be constructed. See "PLAN OF FINANCING – The Series 2012H Projects and Series 2012H Participating K-12 Institutions" for further information about the Series 2012H Projects. Projects other than the Series 2012H Projects have been funded with the proceeds of the Prior Certificates and other projects may be funded with proceeds of additional Series of Certificates issued under the Master Indenture relating to a separate Lease or an amendment to the 2012H Lease or a Prior Lease but will require further authorization by the State Board for any Projects not approved in the 2012 State Board Approval and by the Colorado General Assembly if the aggregate Base Rent payable under the 2012H Lease, the Prior Leases and the additional Lease or an amendment to the 2012H Lease or a Prior 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 2012H Certificates – Additional Series of Certificates" under this caption and "PLAN OF FINANCING – The Program."

The Leased Property

Each of the Series 2012H Participating K-12 Institutions (or, in the case of some charter schools, the chartering entities) is entering into a Site Lease with the Trustee dated as of the date of delivery of the

Series 2012H Certificates (the "**2012H Site Leases**") pursuant to which, in each case, certain land owned (or acquired prior to or contemporaneously with the execution and delivery of the Series 2012H Certificates) by the respective Series 2012H Participating K-12 Institution (or, in the case of some charter schools, the chartering school districts) and the buildings, structures and improvements now or hereafter located on such land (collectively, the "**2012H Leased Property**") will be leased to the Trustee. See "SECURITY AND SOURCES OF PAYMENT – The Leased Property" and "CERTAIN RISK FACTORS – Effect of a Nonrenewal of the Lease." The 2012H Leased Property collectively with the additional Leased Property which has already or may in the future be leased under the Prior Leases, additional Leases or amendments to the Prior Leases or the 2012H Lease is referred to herein as the "**Leased Property**." The 2012H Leased Property is being leased by the Trustee to the State, pursuant to the 2012H Lease, and the State is subleasing the 2012H Leased Property to the respective Series 2012H Participating K-12 Institutions under certain Subleases each dated as of the date of delivery of the Series 2012H Certificates (the "**2012H Subleases**"). Any additional Leased Property which the State has already chosen or chooses in the future to lease under the Prior Leases or additional Leases or amendments to the Prior Leases or the 2012H Lease will secure all holders of Certificates under the Master Indenture, including holders of the Series 2012H 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 Leased Property – Substitution of Leased Property." **Upon any decision of the State not to appropriate and thereby terminate the 2012H Lease or any other Lease in a particular year, the State would relinquish its right to use all of the Leased Property (including the 2012H Leased Property) or any portion thereof through the term of the respective Site Leases. In such event, the Series 2012H Participating K-12 Institutions which are Sublessees (and, in the case of charter schools, their chartering school entity) will have the option to purchase a portion of the 2012H Leased Property under the respective 2012H Subleases upon certain conditions as further described herein. See "SECURITY AND SOURCES OF PAYMENT – The Leased Property – Sublessee's Purchase Option."**

Terms of the Series 2012H Certificates

Payments

Principal of and premium, if any, on the Series 2012H Certificates is payable when due upon surrender of the Series 2012H Certificates at the office of the Trustee. Interest on each Series 2012H Certificate shall be payable by check or draft of the Trustee mailed on or before each Interest Payment Date to the Owner thereof at the close of business on the first day of the month (whether or not such day is a Business Day) in which such Interest Payment Date occurs (the "**Record Date**"); provided that, such interest payable to any Owner may be paid by alternative means agreed to by such Owner and the Trustee.

Denominations

The Series 2012H Certificates are deliverable in the authorized denomination of $5,000 and integral multiples thereof.

Redemption

The Series 2012H Certificates are subject to optional, mandatory and extraordinary redemption prior to their stated maturity date under certain circumstances described herein under "THE SERIES 2012H CERTIFICATES – Redemption."

Additional Certificates

The Master Indenture permits the execution and delivery of Series of Certificates in addition to the Series 2012H Certificates and the Prior Certificates secured by the Trust Estate on parity with the Series 2012H Certificates and the Prior Certificates without notice to or approval of the owners of the Outstanding Series 2012H Certificates or Prior 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 2012H CERTIFICATES – Additional Series of Certificates." If any additional Certificates are executed and delivered, the Prior Leases or 2012H 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 2012H Certificates, the Indenture pursuant to which such Series 2012H Certificates are being executed and delivered, the 2012H Lease, the 2012H Site Leases and the 2012H Subleases, see "Forms of Master Indenture, Supplemental Indenture, 2012H Lease, 2012H Site Leases and 2012H Subleases" attached hereto in Appendix B.

Sources of Payment for the Series 2012H Certificates

The Series 2012H 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 Leases provide 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 Leases, 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 or otherwise authorized the expenditure of 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 or authorization.

If an Event of Nonappropriation has occurred, the Trustee may exercise any of the remedies described in the Leases, including the sale or lease of the Trustee's interest in the Leased Property, subject to the purchase option of the Participating K-12 Institutions (and, in the case of charter schools, the chartering entity) under the respective Subleases. Each such Participating K-12 Institution (and, in the case of charter schools, the chartering entity) 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 are to be applied toward the payment of the Certificates under the Master Indenture, including the Series 2012H Certificates as described in the form of Master Indenture attached hereto in **Appendix B**. **There can be no assurance that the Participating K-12 Institutions will exercise their right to purchase the Leased Property or that such proceeds will be sufficient to pay all of the principal due on the Series 2012H Certificates.**

The State has the option to terminate the 2012H Lease and release the 2012H Leased Property from the Indenture in connection with the defeasance of the Series 2012H Certificates by paying the State's Purchase Option Price as described under "THE SERIES 2012H 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 Leased Property – Substitution of 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, including the State General Fund, 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 2012H Certificates

Certain factors described in this Official Statement could affect the payment of Base Rent under the Leases (including the 2012H Lease), the value of the Leased Property and the market price of the Series 2012H 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 2012H Certificates, the State will execute a Continuing Disclosure Undertaking in which it will agree, for the benefit of the owners of the Series 2012H 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**.

State Economic and Demographic Information

This Official Statement contains economic and demographic information about the State prepared and compiled in June 2012 by Development Research Partners for use by the State. See **Appendix H** – "CERTAIN STATE ECONOMIC AND DEMOGRAPHIC INFORMATION."

Development Research Partners has consented to the inclusion of such information in this Official Statement. Neither the State nor the Underwriters intends to assume responsibility for the accuracy, completeness or fairness of the information contained in **Appendix H**. The information in **Appendix H** – "CERTAIN STATE ECONOMIC AND DEMOGRAPHIC INFORMATION" has been included in this Official Statement in reliance upon the authority of Development Research Partners as experts in the preparation of economic and demographic analyses. Potential investors should read **Appendix H** in its entirety for information with respect to the economic and demographic status of the State.

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 statues, 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, LLC, as Representative of the Underwriters, 1200 Seventeenth Street, Suite 2150, Denver, Colorado 80202, Attention: Public Finance Department, telephone number: (303)595-1222**.**

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 Series 2012H Participating K-12 Institutions and the purchasers or holders of any of the Series 2012H Certificates.

PLAN OF FINANCING

The Program

The Series 2012H 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 Leases is less than the maximum total amount of annual lease payments set forth below for the applicable Fiscal Year. If the maximum total amount of annual lease payments of principal or interest payable by the State during any Fiscal Year under the Leases is greater than one-half of the maximum amount of annual lease payments set forth below for the applicable Fiscal Year, 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 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 (the "**Maximum Annual Lease Payments**") referenced above is:

(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 2012-13 was $45 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 2012-13.

For purposes of complying with the limitations on Maximum Annual Lease Payments, Colorado Revised Statutes ("**CRS**") Section 11-59.7-105(4) in the Colorado Recovery and Reinvestment Finance Act of 2009 (the "**CRRFA**"), permits the Base Rent due under the Leases to be netted against, and reduced by, the Federal Direct Payments (as defined under "SECURITY AND SOURCES OF PAYMENT – Federal Direct Payments") with respect to the Series 2010B Certificates, the Series 2010D Certificates and the Series 2010E Certificates expected to be received by the Trustee on behalf of the State pursuant to the Indenture, as a result of the designation of the Series 2010B Certificates and Series 2010E Certificates as "Build America Bonds" and the designation of the Series 2010D Certificates as "Qualified School Construction Bonds."

The annual lease payments due under the Prior Leases and the 2012H Lease and payable by the State in any Fiscal Year during the term of such Leases, net of 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 and net of the Federal Direct Payments expected to be received by the Trustee on behalf of the State pursuant to the Indenture, are expected to be less than one-half of the Maximum Annual Lease Payments set forth above for Fiscal Year 2012-13 and thereafter. For purposes of the immediately preceding sentence, the potential impact of sequestration on Federal Direct Payments in Fiscal Year 2013-2014 has been taken into account. See "BASE RENT" and "SECURITY AND SOURCES OF PAYMENT – Federal Direct Payments."

The Colorado General Assembly has established the Program in order to implement the Act. See "INTRODUCTION – The Program." On November 14, 2012, the State Board approved certain projects for certain K-12 Institutions as Projects for funding under the Program. Certain of these Projects are being funded as the Series 2012H Projects. See "The Series 2012H Projects and Series 2012H Participating K-12 Institutions" below for a description of the Series 2012H Projects. The 2012H Lease is the fifth lease-purchase agreement being entered by the State in order to finance Projects under the Program. The Series 2009A Certificates outstanding in the aggregate principal amount of $71,660,000 evidence undivided interests in the right to receive certain payments by the State under the 2009A Lease. The Series 2010B-C Certificates outstanding in the aggregate principal amount of $95,305,000 evidence undivided interests in the right to receive certain payments by the State under the 2010B-C Lease. The Series 2010D-F Certificates outstanding in the aggregate principal amount of $210,085,000 evidence undivided interests in the right to receive certain payments by the State under the Series 2010D-F Lease. The Series 2011G Certificates outstanding in the aggregate provided amount of $140,200,000 evidence undivided interests in the right to receive certain payments by the State under the Series 2011G Lease. 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 2012H 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 2012H Certificates. The execution by the State of future leases or an amendment to the 2012H Lease or a Prior 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 2012H Lease, Prior Leases and such additional leases would exceed the annual lease payment limits described above.

Sources and Uses of Funds

The sources and uses of funds relating to the Series 2012H Certificates are set forth in the following table.

SOURCES OF FUNDS:	
Par amount of Series 2012H Certificates	$ 195,965,000
Net Premium	9,396,419
TOTAL SOURCES OF FUNDS	$ 205,361,419
USES OF FUNDS:	
Deposit to Series 2012H Project Accounts of Capital Construction Fund[(1)]	$ 203,624,221
Deposit to State Expense Fund	100,000
For costs of issuance, including Underwriters' discount[(2)]	1,637,198
TOTAL USES OF FUNDS	$ 205,361,419

(1) The difference between this amount and the aggregate total project cost of $217,042,667 shown in the table under the heading "The Series 2012H Projects and Series 2012H Participating K-12 Institutions" below is $13,418,446 representing (i) amounts originally allocated to the Rocky Mountain Deaf School in 2011 and subsequently reallocated to the Series 2012H Projects, and (ii) certain Series 2012H Project costs that are to be paid from the Assistance Fund in amounts corresponding to Matching Moneys obligations in the form of cash deposited therein at or prior to the execution and delivery of the Series 2012H Certificates or principal and interest on Matching Money Bonds, and interest earnings from proceeds of the Prior Certificates, if any.

(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 agencies fees, printing costs, financial advisor's fees and a $100,000 transfer to the State Public Financing Cash Fund. For information concerning the Underwriters' discount, see "UNDERWRITING."

The Series 2012H Projects and Series 2012H Participating K-12 Institutions

The following table describes the Series 2012H Participating K-12 Institutions and Series 2012H Projects expected to be funded with proceeds of the Series 2012H Certificates, moneys in the Assistance Fund in an amount equal to Matching Moneys to be deposited therein when received from such Series 2012H Participating K-12 Institution and total cost of the related Series 2012H Project.

Series 2012H Projects and Series 2012H Participating K-12 Institutions

Series 2012H Participating K-12 Institution	Series 2012H Project Description	Matching Moneys[1]	Total Project Cost
Elbert School District No. 200	Replacement of existing PK-12 school 73,869 sq. ft. w/25 classrooms	$ 3,374,635[2]	$ 20,677,913
Genoa-Hugo School District No. C-113	PK-12 addition and renovation 63,471 sq. ft. w/29 classrooms	6,609,572	16,418,625
Greeley School District No. 6	Replace existing middle school 103,267 sq. ft. w/36 classrooms	8,177,991	29,207,113
Hi-Plains School District R-23	Replace elementary school & high school with new PK-12 school 51,268 sq. ft. w/20 classrooms	2,851,230	17,022,165
Lake County School District No. R-1	High school renovation and addition 130,224 sq. ft. w/31 classrooms	11,396,979	26,504,603
Montezuma-Cortez School District No. RE1	High school replacement 162,500 sq. ft. w/25 classrooms	19,357,769	42,082,107
Otis School District No. R-3	PK-12 school replacement 67,764 sq. ft. w/21 classrooms	2,806,495	20,585,986
Platte Valley School District No. RE3	High school renovation with elementary school addition 57,127 sq. ft. w/22 classrooms	4,869,512	15,042,216
Sheridan School District No. 2	Replace early childhood center and renovate middle school 129,927 sq. ft. w/49 classrooms	6,490,426	29,501,939
Total		$65,934,609	$217,042,667

(1) The respective amounts shown on this chart as Matching Moneys are required to be funded as described in **Appendix F** hereto by the related Series 2012H Participating K-12 Institution and are to be deposited into the Assistance Fund when received. See the form of 2012 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 2012H 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 and interest on the Series 2012H Certificates or for other purposes permitted by the Act, including, without limitation, defraying the cost of Projects or projects that are not financed with Certificates. See Appendix F for a description of the Assistance Fund.**

(2) A portion of the Matching Moneys in the amount of $500,000 are to be deposited to the Assistance Fund at or prior to the execution of the Series 2012H Certificates.

Under the 2012H Subleases, the Series 2012H Participating K-12 Institutions will agree to construct and use the respective Series 2012H Projects in a manner which satisfies the restrictions of the Code and the Act. In accordance with the terms of the 2012H Subleases between the State and the Series 2012H Participating K-12 Institutions, each of the Series 2012H Participating K-12 Institutions agrees to construct the respective facilities. In accordance with the 2012H Lease, the State has agreed to cause such Projects to be constructed by causing a Series 2012H Participating K-12 Institution to comply with its related 2012H Sublease, but no failure of the related Series 2012H Participating K-12 Institution to comply with the relevant provisions of its 2012H Sublease will relieve the State of its obligation to cause the facilities to be constructed. See "SECURITY AND SOURCES OF PAYMENT – The Leased Property – The 2012H Subleases and Matching Moneys" and "CERTAIN RISK FACTORS – Actions under the 2012H Subleases."

THE SERIES 2012H CERTIFICATES

Generally

General information describing the Series 2012H 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 2012H Site Leases, the 2012H Lease, the 2012H Subleases, the Master Indenture, the 2012H Supplemental Indenture and the forms of Series 2012H Certificates included in the 2012H Supplemental Indenture, all as attached hereto in **Appendix B** hereto.

The Series 2012H Certificates will be dated as the date of delivery and will mature and bear interest (calculated based on a 360-day year of twelve 30-day months) payable on September 15, 2013, and semiannually thereafter on March 15 and September 15 of each year and as further described on the inside cover page of this Official Statement. Principal and premium, if any, is payable when due upon surrender of the Series 2012H Certificates at the office of the Trustee. The Series 2012H Certificates will be executed and delivered as fully registered certificates in the denomination of $5,000 or any integral multiple thereof.

Book-Entry System

DTC will act as securities depository for the Series 2012H Certificates. The Series 2012H 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 2012H 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 a Standard & Poor's rating of AA+. 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. 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 2012H Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2012H Certificates on DTC's records. The ownership interest of each actual purchaser ("**Beneficial Owner**") of each Series 2012H Certificate 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 2012H Certificates 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 2012H Certificates, except in the event that use of the book-entry system for the Series 2012H Certificates is discontinued.

To facilitate subsequent transfers, all Series 2012H Certificates 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 2012H Certificates 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 2012H Certificates; 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 2012H Certificates may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Series 2012H Certificates, such as redemption, tenders, defaults and proposed amendments to the underlying documents. For example, Beneficial Owners of the Series 2012H Certificates may wish to ascertain that the nominee holding the Series 2012H Certificates 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 2012H Certificates within an issue are being redeemed, DTC's practice is to determine by pro rata 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 2012H 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 2012H Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and redemption proceeds on the Series 2012H 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 2012H Certificates 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 2012H Certificates 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 2012H Certificates will be printed and delivered as described in the Indenture.

The foregoing description of the procedures and record keeping with respect to beneficial ownership interests in the Series 2012H Certificate and payment of principal and other payments on the Series 2012H Certificates to Direct Participants, Indirect Participants, or Beneficial Owners, confirmation and transfer of beneficial ownership interest in such Series 2012H 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 takes 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.

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 the 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

Extraordinary Redemption Upon Occurrence of Event of Nonappropriation or Event of Default

The Series 2012H Certificates and all other outstanding Certificates shall be redeemed in whole, on such date as the Trustee may determine to be in the best interest of the Owners, upon the occurrence of an Event of Nonappropriation or the occurrence and continuation of an Event of Default under any Lease, at a redemption price equal to the lesser of: (i) the principal amount of the Series 2012H Certificates (with no premium), plus accrued interest, if any, to the redemption date or (ii) the sum of (A) the amount, if any, received by the Trustee from the exercise of remedies under the Leases with respect to the Event of Nonappropriation or the occurrence and continuation of the Event of Default under any Lease that gave rise to such redemption and (B) the other amounts available in the Trust Estate for payment of the

redemption price of the Series 2012H Certificates and all other Certificates that are subject to redemption upon the occurrence of an Event of Nonappropriation or the occurrence and continuation of an Event of Default under any Lease, which amounts shall be allocated among the Series 2012H Certificates and all other Certificates that are subject to redemption upon the occurrence of an Event of Nonappropriation or the occurrence and continuation of an Event of Default under any Lease 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 Series 2012H Certificate pursuant to the 2012H Supplemental Indenture and any similar redemption provision applicable to any other Certificate shall be deemed to be the payment in full of such Series 2012H Certificate and such other Certificate, and no Owner of any such Series 2012H Certificate or other Certificate redeemed pursuant to this redemption provision or any similar redemption provision applicable to such other Certificate 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 the occurrence of an Event of Nonappropriation or Event of Default under any Lease, notify the Owners of the Series 2012H Certificates and all other Certificates that are subject to redemption upon the occurrence and continuation of an Event of Nonappropriation or the occurrence and continuation of an Event of Default 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 thereof. If the funds then available to the Trustee are sufficient to pay the redemption price, 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 of the Series 2012H Certificates and other Certificates that are subject to redemption, the Trustee shall (aa) 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 Leases, (bb) subject to the applicable provisions of the Indenture, immediately begin to exercise and diligently pursue all remedies available to it under the Leases in connection with such Event of Nonappropriation or Event of Default and (cc) pay the remainder of the redemption price, if any, if and when funds become available to the Trustee from the exercise of such remedies.

Mandatory Sinking Fund Redemption

Series 2012H Certificates. The Series 2012H Certificates maturing on March 15, 2035 are subject to mandatory sinking fund redemption on March 15 of the years and in the principal amounts set forth below at a redemption price equal to the principal amount thereof (with no premium), plus accrued interest to the redemption date. The Series 2012H Certificates maturing on March 15, 2035 shall be selected for redemption on each mandatory sinking fund redemption date by lot from all remaining Series 2012H Certificates maturing on such date, rounded to the nearest Authorized Denomination.

Mandatory Sinking Fund Redemption Date (March 15)	Principal Amount
2033	$35,370,000
2034	32,180,000
2035[(1)]	33,225,000

(1) Maturity date

At its option, to be exercised on or before the forty-fifth day next preceding each mandatory sinking fund redemption date, the State may (i) deliver to the Trustee for cancellation any of the Series 2012H Certificates of the same Series and with the same maturity date as the Series 2012H Certificates subject to such mandatory sinking fund redemption and (ii) receive a credit in respect of its mandatory sinking fund redemption obligation for any Series 2012H Certificates with the same maturity date as the Series 2012H Certificates subject to such mandatory sinking fund redemption which prior to such date have been redeemed (otherwise than by mandatory sinking fund redemption) and cancelled and not theretofore applied as a credit against any mandatory sinking fund redemption obligation. Each Series 2012H Certificate so delivered or previously redeemed shall be credited at the principal amount thereof to the mandatory sinking fund redemption obligation on the mandatory sinking fund redemption date by lot, and the principal amount of Series 2012H Certificates to be redeemed as part of such mandatory sinking fund redemption on such dates shall be accordingly reduced.

Optional Redemption

The Series 2012H Certificates maturing on and after March 15, 2023 are subject to redemption at the option of the State, in whole or in part and if in part in Authorized Denominations from the remaining maturities bearing interest at the same rates designated by the State and by lot within any remaining maturity bearing interest at the same rate designated for redemption, on any date on and after March 15, 2022, at a redemption price equal to the principal amount of the Series 2012H Certificates to be redeemed (with no premium), plus accrued interest to the redemption date.

Notice of Redemption

Notice of the call for any redemption, identifying the Series 2012H 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 2012H 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 2012H 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 2012H Certificates called for redemption, which moneys are or will be available for redemption of Series 2012H 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 2012H Certificates called for redemption. The Trustee is required to pay to the Owners of Series 2012H Certificates so redeemed, the amounts due on the Series 2012H Certificates at the Operation Center of the Trustee upon presentation and surrender of the Series 2012H Certificates.

State's Purchase Option Price

State's Option to Purchase all Leased Property in Connection with Defeasance of Series 2012H Certificates

The State has been granted in the 2012H Lease the option to purchase all, but not less than all, of the Series 2012H Leased Property in connection with the defeasance of all the Series 2012H Certificates by paying to the Trustee the "State's Purchase Option Price," subject to compliance with all conditions to the defeasance of the Series 2012H 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 2012H Leased Property as described in this paragraph, the "**State's Purchase Option Price**" is an amount sufficient (i) to defease all the Series 2012H Certificates in accordance with the defeasance provisions of the Indenture and (ii) to pay all Additional Rent payable through the date on which the 2012H 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 2012H Leased Property and the payment, redemption or defeasance of the Outstanding Series 2012H 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 2012H Certificates, and (B) if any Series 2012H 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 2012H Certificates shall be substituted for the Series 2012H 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 2012H 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 2012H 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 2012H Certificates (assuming that the State chooses not to terminate the Leases during the Lease Term, which it has an annual option to do).

	Base Rent Series 2012H Certificates				
Fiscal Year (ended June 30)	Principal Component[1]	Interest Component[1]	Total Prior Certificates Base Rent	Less Expected Federal Direct Payments[2][3]	Total Fiscal Year Net Base Rent[4]
2013	--	--	$46,449,631	$(9,508,231)	$36,941,400
2014	$1,810,000	$8,736,794	46,397,192	(9,477,645)	47,466,341
2015	3,780,000	6,816,188	47,270,941	(9,437,692)	48,429,436
2016	3,895,000	6,700,588	47,217,061	(9,392,024)	48,420,624
2017	4,005,000	6,582,688	47,169,914	(9,339,210)	48,418,391
2018	4,125,000	6,462,588	47,068,856	(9,243,027)	48,413,416
2019	4,245,000	6,340,088	46,957,752	(9,136,644)	48,406,196
2020	4,455,000	6,127,838	46,835,036	(9,022,293)	48,395,581
2021	4,620,000	5,962,638	46,710,382	(8,900,728)	48,392,292
2022	4,850,000	5,731,638	46,578,046	(8,770,935)	48,388,748
2023	5,005,000	5,577,638	46,416,526	(8,618,696)	48,380,468
2024	5,205,000	5,377,438	46,248,192	(8,455,358)	48,375,271
2025	5,365,000	5,212,988	46,072,179	(8,285,604)	48,364,563
2026	5,580,000	4,998,388	45,768,376	(7,989,136)	48,357,628
2027	5,770,000	4,805,188	45,422,994	(7,652,061)	48,346,121
2028	6,000,000	4,574,388	45,068,629	(7,300,709)	48,342,308
2029	6,240,000	4,334,388	39,525,044	(1,767,121)	48,332,310
2030	6,485,000	4,084,788	38,969,721	(1,213,221)	48,326,287
2031	6,745,000	3,825,388	35,514,197	(635,231)	45,449,353
2032	7,010,000	3,555,588	30,345,000	--	40,910,588
2033	35,370,000	3,275,188	--	--	38,645,188
2034	32,180,000	2,125,663	--	--	34,305,663
2035	33,225,000	1,079,813	--	--	34,304,813
Total	$195,965,000	$112,287,882[4]	$888,005,670	$(144,145,568)	$1,052,112,984

(1) There will be credited against the amount of Base Rent otherwise payable under the 2012H 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.

(2) Represents amount of expected Federal Direct Payments on the Series 2010B Certificates, the Series 2010D Certificates, and the Series 2010E Certificates. See "SECURITY AND SOURCES OF PAYMENT – Payments by the State" and " – Federal Direct Payments," "CERTAIN RISK FACTORS – Federal Direct Payments," and "FORWARD-LOOKING STATEMENTS" for a discussion of Federal Direct Payments and the potential effect of sequestration.

(3) The State has covenanted in the 2010B-C Lease and the 2010D-F Lease to request the Federal Direct Payments from the United States Treasury and the Trustee in such Leases has agreed to assist the State in doing so. See "THE SERIES 2012H CERTIFICATES," "CERTAIN RISK FACTORS – Federal Direct Payments."

(4) Amounts may not sum due to rounding.

SECURITY AND SOURCES OF PAYMENT

Payments by the State

Each Series 2012H Certificate evidences undivided interests in the right to receive Lease Revenues pursuant to the Leases, including: (i) the Base Rent; (ii) Federal Direct Payments; (iii) 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); (iv) 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 (v) any other moneys to which the Trustee may be entitled for the benefit of the Owners. All payment obligations of the State under the 2012H 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.

As more fully described under the captions "CERTAIN RISK FACTORS" and in the form of the 2012H Lease attached hereto in **Appendix B**, following an Event of Nonappropriation, the Lease Term of the 2012H 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 2012H Lease, the Prior Leases 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. In addition, amounts on deposit in the Assistance Fund are not restricted to the payment of the Certificates and may be used for any purpose permitted by the Act, including, without limitation, defraying the cost of Projects. 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, INCLUDING THE STATE GENERAL FUND, 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 with the Lease. Notwithstanding 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 or otherwise authorized the expenditure of 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 or authorization.

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 2012H Site Leases, the 2012H Lease, the 2012H 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 2012H 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 2012H Leased Property). However, the Indenture and the 2012H Lease permit the State to purchase the 2012H Leased Property in connection with the defeasance of all of the Series 2012H Certificates, as described in "THE SERIES 2012H CERTIFICATES – State's Purchase Option Price." The Series 2012H Participating K-12 Institutions (and, in the case of charter schools, the chartering entity) 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 2012H Lease as described in "The Leased Property - The 2010 Sublessee's Purchase Option" under this caption and to substitute different property for certain of the 2012H Leased Property as described in "The Leased Property – The 2012H Subleases and Matching Moneys" 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 2012H Leased Property, or any Series 2012H Participating K-12 Institution has not exercised the purchase option of its portion of the 2012H Leased Property, the State and such Series 2012H Participating K-12 Institutions (and, in the case of charter schools, the chartering entity) 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 2012H 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 2012H Site Leases, 2012H Lease, the 2012H Subleases and the Indenture attached hereto in **Appendix B**.

The 2012H 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 2012H 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 2012H Leased Property as required by the 2012H Lease and only as to certain liabilities as described in the 2012H Lease. All property, funds and rights acquired by the Trustee upon the nonrenewal of the 2012H 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 2012H Lease and the Indenture), are required to be used to redeem the Series 2012H Certificates, if and to the extent any such moneys are realized. See "CERTAIN RISK FACTORS," and forms of the 2012H Site Leases, 2012H Lease, 2012H Subleases and the Indenture attached hereto in **Appendix B.**

The Leased Property

Generally

As described above, the State is not permitted to renew any Lease (including the 2012H Lease) with respect to less than all of the Leased Property (including the 2012H Leased Property) and a decision not to renew any Lease would mean a loss of all of the Leased Property subject to a Lease (including the 2012H Leased Property) for the State unless the purchase option for all of the Leased Property has been exercised by the State. See "THE SERIES 2012H CERTIFICATES – State's Purchase Option Price." The State may make substitutions, or may consent to substitutions by the Series 2012H Participating K-12 Institutions, of the 2012H Leased Property in accordance with the terms of the 2012H Leases and the respective 2012H Subleases as described in "Substitution of Leased Property" under this caption. Owners

of the Series 2012H 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 Prior 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.

In some cases, the Leased Property for a Participating K-12 Institution is comprised of leasehold interests in land and the school facilities for such Participating K-12 Institutions to be built thereon consistent with construction guidelines adopted by the Assistance Board. Under such circumstances, such Participating K-12 Institutions have covenanted to complete construction of their respective facilities within three years of the date of the related Sublease, but the State expects all of the facilities financed with the Series 2012H Certificates to be completed within 18 to 25 months. See **Appendix G** for description of Projects constituting Leased Property, including Projects that have been cleared for occupancy and are currently in operation. In other cases, the Leased Property for a Participating K-12 Institution is comprised of existing facilities, which were not financed with the Certificates.

Information pertaining to the Leased Property relating to the Prior Certificates is provided in **Appendix G**.

Prior to the issuance of the Series 2012H Certificates, the State is required to certify and is expected to certify to the Trustee that the Fair Market Value of the 2012H Leased Property is at least equal to 90% of the principal amount of the Series 2012H Certificates. See "THE SERIES 2012H CERTIFICATES – Additional Series of Certificates." The following table describes the 2012H Leased Property subject to 2012H Site Leases between the Trustee and the respective 2012H Participating K-12 Institutions as indicated on the table:

2012H Leased Property*

Participating K-12 Institutions	Description of Leased Property[1]	Land	Fair Market Value[2]
Elbert School District No. 200	PK-12 school 73,869 sq. ft. w/25 classrooms	10.1-acre parcel of land valued at $46,739	$19,824,652
Genoa-Hugo School District No. C-113	South Wing of PK-12 school 37,902 sq. ft.	8.66-acre parcel of land valued at $6,381	10,949,438[3][4]
Greeley School District No. 6	Middle school 103,267 sq. ft. w/36 classrooms	20.0-acre parcel of land valued at $3,386	27,169,499[4]
Hi-Plains School District No. R-23	PK-12 school 51, 268 sq. ft. w/20 classrooms	40-acre parcel of land valued at $34,000	15,846,693[4]
Lake County School District No. R-1	High school addition 38,000 sq. ft. w/15 classrooms	2.09-acre parcel of land valued at $21,326	15,201,235[4]
Montezuma-Cortez School District No. RE1	High school 162,500 sq. ft. w/25 classrooms	35.47-acre parcel of land valued at $600,000	42,082,107
Otis School District No. R-3	PK-12 School 67,764 sq. ft. w/21 classrooms	13.45-acre parcel of land valued at $62,852	21,148,269[3]
Platte Valley School District No. RE3	Gym & weight room 19,273 sq. ft.	0.98-acre parcel of land valued at $22	2,994,131[3][4]
Sheridan School District No. 2	Early childhood center[5] 129,927 sq. ft. w/49 classrooms	14,045-acre parcel of land valued at $1,774,220	28,876,361[4]
		Total:	$184,092,385

(1) The 2012H Leased Property shown on this list, or any portion thereof, may be released and other property substituted therefor as described in "Substitution of Leased Property" under this caption. In some cases, the 2012H Leased Property is comprised of existing facilities which will not be wholly or partially financed with the proceeds of the Series 2012H Certificates.

(2) As defined in the Glossary included in the form of 2012H Supplemental Indenture attached as **Appendix B** hereto.

(3) These amounts include, entirely or in part (in the case of renovations or additions), the valuation of existing buildings on the Leased Property based on a determination by the Colorado School District Self Insurance Pool, the Participating K-12 Institution's private carrier or the State and have not been determined or confirmed by any third party evaluation. New construction value is equal to the amount deposited to the related Project Account, Allocated Investment Earnings (as defined in the Glossary included in the form of 2012H Supplemental Indenture attached as **Appendix B** hereto) and amounts that may be withdrawn from the Assistance Fund to fund construction of the related Project.

(4) The entire Project Account for this Participating K-12 Institution is not included in the Fair Market Value because only a portion of the property improved pursuant to a Project is included in the 2012H Leased Property.

(5) 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 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."

* Preliminary, subject to change.

The 2012H Subleases and Matching Moneys

In connection with the execution and delivery of the Series 2012H Certificates, the State and each of the Series 2012H Participating K-12 Institutions is entering into a 2012H Sublease pursuant to which each of such Series 2012H Participating K-12 Institutions, as Sublessee, will agree, in exchange for use of a portion of the 2012H Leased Property, to pay (subject to their right not to appropriate) all Additional Rent due under the 2012H Lease with respect to such portion of the 2012H Leased Property and the Series 2012H Certificates. The respective Series 2012H Participating K-12 Institution's obligations to pay such amounts under the 2012H Sublease are subject to annual appropriation by such Series 2012H Participating K-12 Institution. Pursuant to the 2012H Subleases, each of the Series 2012H Participating K-12 Institutions has agreed to maintain the respective 2012H Leased Property and to provide all insurance for such 2012H Leased Property as required by the 2012H Lease.

Certain Series 2012H Participating K-12 Institutions or their chartering entity have agreed to pay Matching Moneys to the State for credit to the Assistance Fund with respect to such Series 2012H Participating K-12 Institution's Project in the form of cash or principal of and interest on Matching Moneys Bonds. Neither the cash nor the Matching Money Bonds are subject to annual appropriation by the Series 2012H Participating K-12 Institution.

The obligations and rights of a Series 2012H Participating K-12 Institution and the State with respect to the Series 2012H Participating K-12 Institution's Matching Moneys Bonds are independent of the obligations of the Series 2012H Participating K-12 Institution, as Sublessee, and the rights of the State under the 2012H Subleases and, except as otherwise specifically provided in the related 2012H Sublease, (a) the obligations of the Series 2012H Participating K-12 Institution or its chartering entity and the rights of the State with respect to the Series 2012H Participating K-12 Institution's obligations under the Matching Moneys Bonds will survive the termination of the 2012H Subleases and (b) no failure to perform or other action of the State with respect to the 2012H Subleases will affect the State's rights to enforce the obligations of the Series 2012H Participating K-12 Institutions or their chartering entity to make payments under their Matching Moneys Bonds.

Matching Moneys and other amounts deposited in the Assistance Fund do not directly secure payment of the Series 2012H Certificates. Once Matching Moneys 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 and interest on the Series 2012H Certificates or for other purposes permitted by the Act, including, without limitation, defraying the cost of Projects.

Sublessee's Purchase Option

Each Sublessee has the option to purchase all, but not less than all, of the 2012H Leased Property subject to its 2012H Sublease following the occurrence of an Event of Default or an Event of Nonappropriation under the 2012H Lease as described in the forms of 2012H Site Leases, 2012H Lease, 2012H Subleases and the Indenture attached hereto in **Appendix B**. A Sublessee would exercise such option 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 are to be applied toward the payment of the Certificates under the Master Indenture, including the Series 2012H Certificates. In the 2012H Lease, the Trustee has agreed to notify each Sublessee of the occurrence of an Event of Default or Event of Nonappropriation under any 2012H Lease. **There can be no assurance that the Sublessee will exercise their right to purchase the Leased Property or that such proceeds will be sufficient to pay all of the principal due on the Series 2012H Certificates.**

Substitution of Leased Property

The Sublessees are permitted by the respective 2012H Subleases to substitute other property for the respective 2012H 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 2012H 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 2012H 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 2012H Lease or the Series 2012H Participating K-12 Institution's tax covenant set forth in Section 10.04 of the 2012H Subleases. See Sections 9.04 and 10.04 in the form of 2012H Subleases in **Appendix B**. Furthermore, the State is permitted under the 2012H Lease to substitute other property for certain 2012H 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 2012H Leased Property for which it is being substituted, or (ii) all of the Leased Property has a Fair Market Value at least equal to 90% of the principal amount of all Outstanding Certificates and the Trustee receives adequate title insurance documentation, a certificate as to the useful life and essentiality of the substituted property and an opinion of Bond Counsel that such substitution will not cause the State to violate its tax covenant set forth in Section 9.04 of the 2012H Lease. The State's certification as to the value may be given based and in reliance upon certifications by the Sublessees and the certifications as to useful life and essentiality may also be provided by the Sublessees.

Insurance

The 2012H Leased Property is required to be insured by the Series 2012H 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 2012H Lease "- Damage, Destruction and Condemnation," in **Appendix B**. Pursuant to the 2012H Subleases, the Series 2012H Participating K-12 Institutions will undertake to provide such insurance with respect to the respective 2012H Leased Property as required by the 2012H Lease. See "The 2012H Subleases and Matching Moneys" under this caption.

Federal Direct Payments

The State elected to designate the Series 2010B Certificates and the Series 2010E Certificates as "Build America Bonds" for purposes of the Recovery Act and to receive federal direct payments (the "**Build America Federal Direct Payments**"). The State has further elected to designate the Series 2010D Certificates as "Qualified School Construction Bonds" under Section 54F of the Code and has made an irrevocable election under the Code so that the State will receive federal direct payments (the "**Qualified School Construction Federal Direct Payments**" and together with the Build America Federal Direct Payments, the "**Federal Direct Payments**") from the United States Treasury in connection therewith.

The Federal Direct Payments, to the extent received from the United States Treasury and deposited with the Trustee on behalf of the State, and in accordance with the terms of the CRRFA, will be netted against, and reduce, the interest portion of the gross Base Rent due each Fiscal Year from the State under the related Lease. The amount of Base Rent to be included in the annual budget proposal submitted to the Colorado General Assembly pursuant to the terms of the Leases, however, will be the gross Base Rent not reduced by the Federal Direct Payments. See "CERTAIN RISK FACTORS – Federal Direct Payments." To the extent any moneys in the Principal Account or Interest Account of the Certificate Fund are not held to pay the redemption price of Certificates for which a notice of redemption has been

delivered, such moneys will be applied as a reduction of the budgeted Base Rent. If any such budget proposal includes an amount exceeding the Maximum Annual Lease Payments permitted under the Act, a request shall be made of the Colorado General Assembly to modify such Maximum Annual Lease Payments prior to submitting a budget proposal which includes an amount equal to the gross Base Rent not reduced by the Federal Direct Payments. See "PLAN OF FINANCING – The Program" for discussion of the Maximum Annual Lease Payments.

The Budget Control Act of 2011 (the "**2011 Federal Budget Act**") passed by the U.S. Congress requires the enactment of a plan to reduce the federal deficit by $1.2 trillion over a ten-year period. If such enactment does not take place, the 2011 Federal Budget Act requires automatic budget cuts referred to as "sequestration" to go into effect on January 2, 2013. As of the date of this Official Statement, a federal deficit reduction plan has not been enacted. On September 14, 2012, the federal Office of Management and Budget (the "**OMB**") released a report (the "**OMB Report**") to Congress regarding the implementation of the sequestration provisions of the 2011 Federal Budget Act. According to the OMB Report, a 7.6% cut will be made to Federal Direct Payments in federal fiscal year 2013 (October 1, 2012 to September 30, 2013) if sequestration goes into effect. The Co-Financial Advisors have estimated that if the 7.6% reduction outlined in the OMB Report was to go into effect, the annual reduction of Federal Direct Payments to the State released to the Certificates would be no greater than 2% of the current annual Base Rent payable in federal fiscal year 2013 and would not cause the Maximum Annual Lease Payments permitted under the Act to be exceeded. According to the OMB Report, all of the estimated reductions are preliminary and the actual reductions may vary from those indicated in the OMB Report as a result of changes in law and ongoing legal, budgetary and technical analysis. It is unclear whether sequestration will in fact be implemented for federal fiscal year 2013 and whether Federal Direct Payments will be affected after federal fiscal year 2013.

CERTAIN RISK FACTORS

THE PURCHASE AND OWNERSHIP OF THE SERIES 2012H CERTIFICATES ARE SUBJECT TO CERTAIN RISKS. EACH PROSPECTIVE INVESTOR IN THE SERIES 2012H 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 OF AND INTEREST ON THE SERIES 2012H CERTIFICATES AND COULD ALSO AFFECT THE MARKET PRICE OF THE SERIES 2012H CERTIFICATES TO AN EXTENT THAT CANNOT BE DETERMINED.

Option to Renew the Leases Annually

The obligation of the State, as lessee, to make payments under the Leases (including the 2012H 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 2012H Lease), the Lease Term of the 2012H 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 or otherwise authorized the expenditure of 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 authorization. See the form of 2012H 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 2012H Sublease has been exercised, the Series 2012H 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 2012H 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 Series 2012H Participating K-12 Institutions for the Leased Property (including the 2012H 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 2012H Lease) is dependent upon several factors outside the State's control, such as the economy, legislative changes 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 2012H 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 2012H Lease) would mean the loss of the use of all of the Leased Property by the State. However, each of the Series 2012H Participating K-12 Institutions which is a Sublessee has the right to exercise a purchase option under its respective 2012H Sublease in order to purchase and retain the right to use its portion of the 2012H Leased Property in the event that the State chooses not to appropriate and thereby terminate the Leases (including the 2012H Lease). See "SECURITY AND SOURCES OF PAYMENT – The Leased Property."

The Trustee, as Lessor or Trustee, has no obligation to, nor will it make any payment on the Certificates or otherwise pursuant to the Leases 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 Sublessees are required to vacate the respective Leased Property being used under the Subleases (unless the purchase option under any Sublease has been exercised by any Series 2012H Participating K-12 Institution) within 90 days. The Subleases will automatically terminate upon any nonrenewal of any Lease by the State. Subject to the right of the respective Sublessees to purchase the Leased Property under the 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 Leases place certain limitations on the availability of money damages against the State as a remedy. For example, the Leases provide 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 related Lease and only as to certain liabilities as described in such 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 2012H Lease – "Events of Default" and "– Remedies on Default" in **Appendix B** and "THE SERIES 2012H 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 2012H 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 2012H 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, the construction of the Projects or the acquisition of the Leased Property. The valuation of the Leased Property has not been based on any independent third party appraisal or evaluation. See "SECURITY AND SOURCES OF PAYMENT – The Leased Property." To the extent Leased Property constitutes Projects financed by Outstanding Certificates and such Projects are partially constructed, the Trustee's ability to liquidate such Leased Property may be hindered. The value of the Leased Property could also be adversely affected by the presence, or even by the alleged presence of, hazardous substances. Present or future zoning requirements, restrictive covenants or other land use regulations may also restrict use of the Leased Property. Further, a considerable amount of Leased Property is located in areas of the State with lower population and commercial densities, which could have a detrimental effect on the Trustee's efforts to liquidate such properties. The Sublessees and the State may also substitute other property for certain Leased Property as described in "SECURITY AND SOURCES OF PAYMENT – The Leased Property – Substitution of Leased Property."

As described under "SECURITY AND SOURCES OF PAYMENT – The Leased Property," the Trustee may only be able to lease certain 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 2012H Certificates by the State or the Trustee.

Payment of the principal of and interest on the Series 2012H Certificates and the Prior Certificates is paid from the State's payment of the Base Rent and other sources identified in "SECURITY AND SOURCES OF PAYMENT," which sources do not include any payments generated from the Leased Property, other than the Base Rent. The State is not permitted to renew the Leases or any of them (including the 2012H 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. An Event of Default or Event of Nonappropriation by a Participating K-12 Institution under its Sublease is not an Event of Default or Event of Nonappropriation under the Leases and does not affect the State's obligation to pay Base Rent. Investors should be aware that value of the Leased Property could be affected if there are design or construction defects in any of the Subject Buildings.

Federal Direct Payments

Federal Direct Payments, to the extent received by the State from the United States Treasury and held by the Trustee on behalf of the State, are required under the Indenture to be deposited in the Interest Account of the Certificate Fund to net against and reduce the gross Base Rent payable by the State each Fiscal Year under the related Lease.

No assurances are provided that the State or the Trustee will receive Federal Direct Payments. The amount of any Federal Direct Payment is subject to legislative changes by Congress. See "SECURITY AND SOURCES OF PAYMENT – Federal Direct Payments" for a discussion of the potential impact of sequestration under the 2011 Federal Budget Act on the receipt of Federal Direct Payments. Further, Federal Direct Payments will only be paid if the Series 2010D Certificates qualify as "Specified Tax Credit Bonds" and the Series 2010B Certificates and the Series 2010E Certificates qualify as "qualified bonds" and "Build America Bonds" within the meaning of the Recovery Act. To satisfy such qualifications, the State and the relevant Participating K-12 Institutions must comply with certain covenants and the State and the relevant Participating K-12 Institutions must establish certain facts and expectations with respect to the Series 2010B Certificates, Series 2010D Certificates and Series 2010E Certificates, the use and investment of proceeds thereof and the use of property financed thereby.

There are currently no procedures for requesting a Federal Direct Payment after the 45th day prior to an interest payment date; therefore, if the request for a Federal Direct Payment is not filed in a timely fashion, it is possible that the State will never receive such Federal Direct Payment. In addition, Federal Direct Payments are subject to offset against certain amounts that may, for unrelated reasons, be owed by the State to an agency of the United States of America. The amount expected to be appropriated each year by the State for payment of Base Rent is the gross Base Rent not reduced by the Federal Direct Payments under the related Lease. See "SECURITY AND SOURCES OF PAYMENTS – Sources of Payment."

If the Trustee leases the Leased Property to a non-governmental entity as a result of an Event of Nonappropriation or Event of Default and the Series 2010B Certificates, Series 2010D Certificates and Series 2010E Certificates remain outstanding, the Federal Direct Payments will no longer be paid by the United States Treasury because the requisite qualifications will no longer be satisfied.

The IRS has implemented an examination program for obligations such as the Series 2010B Certificates, Series 2010D Certificates and the Series 2010E Certificates that qualify for direct federal subsidies, and no assurance can be given that such Certificates will not be selected by the IRS for examination. In the event the IRS files a proposed adverse determination letter as a result of such an examination, announced IRS policy is to suspend payment of the Federal Direct Payments pending a final determination of the qualification of the Series 2010B Certificates, Series 2010D Certificates or the Series 2010E Certificates, as may be applicable, for eligibility to receive Federal Direct Payments. Furthermore,

in certain circumstances, the Federal Direct Payments 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 State to any federal agency. The amount of any such offsets is not predictable by the State.

Enforceability of Remedies

Under the Leases, 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 Leases 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 a 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 relevant 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 Leases and the Indenture or to redeem or pay the Series 2012H Certificates except from funds otherwise available to the Trustee under the Indenture. See "SECURITY AND SOURCES OF PAYMENT."

Effects on the Series 2012H 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 2012H Lease under certain circumstances as provided in the 2012H Lease, upon the treatment for federal or State income tax purposes of any moneys received by the Owners of the Series 2012H Certificates subsequent to such termination. See "TAX MATTERS." If the 2012H 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 Series 2012H Certificates will be transferable without registration, or a transactional exemption from registration, under the federal securities law following the termination of the 2012H Lease.

Insurance of the Leased Property

The Subleases require that the 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 Leased Property subject to their respective Subleases in an amount equal to the current replacement value of the Leased Property. The Subleases also require that the 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 Participating K-12 Institutions in connection with the Leased Property subject to their respective Subleases and the Leases: (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 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 Leases require 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 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, in the case of the Colorado School for the Deaf and Blind, the State's risk management program or, with the State's consent, the Participating K-12 Institution's risk management program. The insurance required by the Leases will be provided by the Participating K-12 Institutions pursuant to the Colorado School

District Self Insurance Program, in the case of the Colorado School for the Deaf and Blind, the State's risk management program or, with the State's consent, the Participating K-12 Institution's independent risk management program, if any. See "LITIGATION AND SOVEREIGN IMMUNITY – Self Insurance." There is no assurance that, in the event the Lease is terminated as a result of damage to or destruction or condemnation of the related Leased Property, moneys made available by reason of any such occurrence will be sufficient to redeem the Series 2012H Certificates at a price equal to the principal amount thereof outstanding. See "THE SERIES 2012H CERTIFICATES – Redemption."

Actions Under the Subleases

Although the State's payment of Rent under the Leases will not depend or be conditioned upon payment of Rent, if any, under the Subleases, certain actions by the Participating K-12 Institutions in respect of the related Leased Property or Project could have an adverse effect on the interests of the owners of the Series 2012H Certificates. For example, failure to operate or maintain the Leased Property under a related Sublease in accordance with the terms thereof could diminish the value of that Leased Property; if, for whatever reason, such 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 Certificate principal or to redeem the full 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 Participating K-12 Institution to obtain the casualty and property insurance policies required by the applicable Sublease could limit the principal amount of Series 2012H Certificates redeemed upon the damage or destruction of the subject Leased Property under certain circumstances. In addition, while the State expects that Certificate principal and interest 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 Leased Property will be used by Participating K-12 Institutions, which are governmental units, use of the Projects financed with Series 2012H Certificate proceeds by private persons or businesses, within the meaning of applicable tax law, could adversely affect the federal tax treatment of Series 2012H 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. If the OSPB forecast projects a budgetary shortfall in excess of one-half of the Unappropriated Reserve (as further described under "THE STATE OF COLORADO – Budget Process and Other Considerations – Revenues and Unappropriated Amounts") requirement for the current Fiscal Year, by statute the Governor is required to take certain budget balancing measures to ensure that the Unappropriated Reserve as of the close of such Fiscal Year will be at least one-half of the required amount. See **Appendix E** – "THE STATE GENERAL FUND – Revenue Estimation – Revenue Shortfalls" and "– OSPB Revenue and Economic Forecasts." Additionally, the Colorado Legislative Council also prepares quarterly revenue forecasts which are released on the same dates as the OSPB revenue forecasts.

The most recent OSPB revenue forecast was issued on September 20, 2012 (the "**OSPB September 2012 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 OSPB September 2012 Revenue Forecast stated that the Unappropriated Reserve is expected to be fully funded. See **Appendix E** – "THE STATE GENERAL FUND – Revenue Estimation – Revenue Shortfall."

The next OSPB revenue forecast will be released in December 2012. General Fund revenue projections in the new forecast may be materially different from the September revenue forecast and may project an additional revenue shortfall. Due to the volatility in the State and national economies, OSPB's forecasts of General Fund revenues over the last several years have fluctuated from forecast to forecast, and in some cases have been significantly lower or higher than the immediately preceding forecast, and such volatility may be reflected in the December 2012 forecast. A revenue shortfall could adversely affect the State's ability to appropriate sufficient amounts to pay Base Rent in subsequent years. If a revenue shortfall is projected for Fiscal Year 2012-13 and subsequent forecasted years, which would result in a budgetary shortfall, budget cuts will be necessary to ensure the balanced budget. See APPENDIX C – The State General Fund.

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

The State's Fiscal Year budgets are not prepared on a cash basis, but rather are prepared using the modified accrual basis 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 the modified 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."

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 2012H Certificates may vary from the interests of the Owners of other Series of Certificates for a variety of reasons.

Future Changes in Laws and Future Initiatives

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. In addition, State law allows voter initiatives meeting certain conditions to be placed on the ballot, which initiatives may involve statutory or constitutional amendments. There is no assurance that there will not be future voter initiatives or changes in, interpretation of, or additions to the applicable laws, provisions and regulations which would have a material effect, directly or indirectly, on the affairs of the State and its funds.

THE STATE OF COLORADO

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 103,718 square miles of the high plains and the Rocky Mountains, with elevations ranging from 3,315 to 14,433 feet above sea level. The current population of the State is approximately five million. The State's major economic sectors include agriculture, manufacturing, technology, tourism, energy production and mining. Considerable economic activity is generated in support of these sectors by government, wholesale and retail trade, transportation, communications, public utilities, finance, insurance, real estate and other services. See also **Appendix A** – "STATE OF COLORADO COMPREHENSIVE ANNUAL FINANCIAL REPORT AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011 AND STATE OF COLORADO UNAUDITED BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2012" and **Appendix H –** "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 commenced in January of 2011 and will expire on the second Tuesday in January, 2015. 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 serve a term of two years. No senator may serve more than two consecutive terms, and no representative may serve more than four consecutive terms. The State Constitution allocates to the General Assembly legislative responsibility for, among other things, appropriating State moneys to pay the expenses of State government. The General Assembly meets annually in regular session beginning no later than the second Wednesday of January of each year. Regular sessions may not exceed 120 calendar days. Special sessions may be convened by proclamation of the Governor or by written request of two-thirds of the members of each house to consider only those subjects for which the special session is requested.

STATE FINANCIAL INFORMATION

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 A*** *– STATE OF COLORADO COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2011 AND STATE OF COLORADO UNAUDITED BASIC FINANCIAL STATEMENTS FOR*

THE FISCAL YEAR ENDED JUNE 30, 2012," ***Appendix E*** *– "THE STATE GENERAL FUND,"* ***Appendix F*** *– "PUBLIC SCHOOL CAPITAL CONSTRUCTION ASSISTANCE FUND" and* ***Appendix H*** *– "CERTAIN STATE ECONOMIC AND DEMOGRAPHIC INFORMATION," and* ***Appendix I*** *– STATE PENSION SYSTEM." With the exception of* ***Appendix H****, the information in these sections and Appendices has been provided by the State. The information in* ***Appendix H*** *has been provided by Development Research Partners.*

The State Treasurer

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

The State Treasurer has discretion to invest in a broad range of interest bearing securities described by statute. See "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

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 (as adjusted by Referendum C – See "Taxpayer's Bill of Rights – Colorado Economic Recovery Act of 2005") must be refunded to the taxpayers during the next Fiscal Year. TABOR implements these revenue limitations through certain restrictions and limitations on spending, including the following:

(a) Prior voter approval is required for: (i) any increase in State "fiscal year spending" from one year to the next in excess of the percentage change in the U.S. Bureau of Labor Statistics Consumer Price Index for Denver, Boulder and Greeley, all items, all urban consumers, or its successor index, plus the percentage change in State population in the prior calendar year, adjusted for revenue changes approved by voters after 1991; and (ii) any new State tax, State tax rate increase, extension of an expiring State tax, State tax policy change directly causing a net revenue gain to the State or the creation of any State "multiple fiscal year direct or indirect ... debt or other financial obligation." "Fiscal year spending" is defined as all

expenditures and reserve increases except those for refunds made in the current or next Fiscal Year or those from gifts, federal funds, collections for another government, pension contributions by employees and pension fund earnings, reserve transfers or expenditures, damage awards or property tax sales. This effectively defines spending as all revenues received by the State other than those items that are specifically excluded.

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

(c) Under TABOR, the State must maintain an emergency reserve equal to 3% of its fiscal year spending (the "**TABOR Reserve**"). The TABOR Reserve may be expended only upon: (i) the declaration of a State emergency by passage of a joint resolution approved by a two-thirds majority of the members of both houses of the General Assembly and subsequently approved by the Governor; or (ii) the declaration of a disaster emergency by the Governor. The annual Long Appropriation Bill (the "**Long Bill**"), designates the resources that constitute the TABOR Reserve. For Fiscal Year 2011-12, such designated resources included portions of the Major Medical Insurance Fund, the Wildlife Cash Fund and the Unclaimed Property Tourism Promotion Trust Fund, plus up to $98.8 million of designated State real property. The State's unaudited Fiscal Year 2011-12 Basic Financial Statements (the "**Fiscal Year 2011-12 Unaudited BFS**") appended to this Official Statement shows that the TABOR Reserve for Fiscal Year 2011-12, based on unaudited actual revenue, was approximately $308.1 million, and included portions of the Major Medical Insurance Fund, the Wildlife Cash Fund and the Unclaimed Property Tourism Promotion Trust Fund, plus up to $100 million of the State real property designated in the Long Bill for Fiscal Year 2011-12.

Statutes Implementing TABOR

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

The "Ratchet Down" Effect of TABOR on State Revenues; Curative Measures

As discussed above, TABOR limits year-to-year increases in revenues, and therefore spending, to the percentage change in the U.S. Bureau of Labor Statistics Consumer Price Index for Denver, Boulder and Greeley, all items, all urban consumers, or its successor index, plus the percentage change in State population in the prior calendar year, plus any voter approved revenue (*i.e.*, tax) increase. There are no provisions in TABOR to account for cyclical revenue swings. This originally produced a "ratchet down" effect whenever State revenues declined from one Fiscal Year to the next and then rebounded in subsequent years. The ratcheting down occurred as the result of the TABOR requirements that the State's revenue base be reduced to the lower amount, without limitation, but that the State's revenue base may be increased only to the extent of the limitations stated above, with any excess to be refunded. Such a ratcheting down occurred between Fiscal Years 2000-01 and 2002-03, when TABOR revenues declined by 13.1%, followed by an increase of 8.0% in Fiscal Year 2003-04. The same effect occurred between Fiscal Year 2007-08 and Fiscal Year 2009-10, but it did not result in subsequent required refunds because of Referendum C, which is discussed in Colorado Economic Recovery Act of 2005 below.

Legislation enacted during the 2002 legislative session, described in "The Growth Dividend" below, mitigated the "ratcheting down" effect of TABOR through the decennial census adjustment.

Referendum C, a statutory provision approved by the State's voters on November 1, 2005 and described in "Colorado Economic Recovery Act of 2005" below, eliminated the "ratcheting down" of revenue available for expenditure by creating a new Excess State Revenue Cap and allowing the State to retain and spend revenue up to the new Excess State Revenue Cap (as adjusted) which new cap never ratchets down. See "Colorado Economic Recovery Act of 2005" below describing Referendum C. Revenue collected above the Excess State Revenue Cap (as adjusted) must be refunded to the taxpayers in the next Fiscal Year.

The "Growth Dividend"

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

The adjustment from the 2009 population estimate to the 2010 census was very small, which indicates that census population estimates in the decade were overstated rather than understated. The overstated population estimates did not cause under-refunding because Referendum C prevented refunds from 2006 to 2010 when the population growth estimates were large. As a result, there is no growth dividend for the 2000-2010 decade, and the TABOR limit and Excess State Revenue Cap created by Referendum C will be adjusted based on the actual population in a subsequent TABOR report.

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 to address the methodology for the allocation of additional revenues by subsequent appropriation. Implementation of two measures included in the Colorado Economic Recovery Act of 2005 required Statewide voter approval, and on November 1, 2005, one of these measures, referred to as "**Referendum C**," was approved by State voters and later codified as Sections 24-77-103.6 and 24-77-106.5, C.R.S.

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

Referendum C establishes an "**Excess State Revenues Cap**" that serves as the new limit on State fiscal year spending beginning in Fiscal Year 2010-11. The Excess State Revenues Cap is an amount

equal to the highest total State revenues for a Fiscal Year from the period of Fiscal Year 2005-06 through Fiscal Year 2009-10. Since the highest total State revenues during this period were achieved during Fiscal Year 2007-08, the State revenues in such Fiscal Year became the base year for calculating the Excess State Revenue Cap. In each subsequent Fiscal Year, the Excess State Revenues Cap is adjusted for inflation and a percentage change in State population, as well as for the qualification or disqualification of enterprises. For purposes of the Excess State Revenues Cap, inflation, the percentage change in State population and the qualification or disqualification of an enterprise or debt service changes retain their meanings as they currently exist under TABOR and State law.

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

Referendum C provides that, for each Fiscal Year that the State retains and spends State revenues in excess of the TABOR limit on State fiscal year spending, the Director of Research of the Colorado Legislative Council is to prepare by October 15th an excess State revenues legislative report that identifies the amount of excess State revenues retained by the State and describes how such excess State revenues have been expended. Referendum C requires that the report be published and made available on the official web site of the Colorado General Assembly. In addition, the Office of the State Controller is required to prepare a report each Fiscal Year that identifies revenues that the State is authorized to retain pursuant to Referendum C and to certify the same no later than September 1st following the end of the Fiscal Year.

As a result of Referendum C, in Fiscal Years 2005-06, 2006-07 and 2007-08 the State was allowed to retain $1.116 billion, $1.308 billion and $1.169 billion, respectively, in excess of the TABOR limit on State fiscal year spending. State revenues did not exceed the TABOR limit in either Fiscal Year 2008-09 or Fiscal Year 2009-10, but exceeded the limit by $770.6 million in Fiscal Year 2010-11. However, no refund was required because Fiscal Year 2010-11 spending was $1,260.1 million below the Excess State Revenue Cap. The OSPB September 2012 Revenue Forecast calculates that, based on preliminary data, Fiscal Year 2011-12 spending exceeded the TABOR limit by $1,469.1 million, but was $602.4 million below the Excess State Revenue Cap. See "THE STATE GENERAL FUND – General Fund Overview" in **Appendix E**.

Effect of TABOR on the Series 2012H Certificates

Voter approval under TABOR is not required for the execution and delivery of the Series 2012H 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" within the meaning of TABOR.

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 departmental budget requests and overall budgetary status. Budget decisions are made by the Governor following consultation with affected departments and the OSPB. Such decisions are reflected in the first budget submitted in November by the Governor 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 also 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 JBC marks up the Long Bill and directs the manner in which appropriated funds are to be spent. The Long Bill includes: (i) General Fund appropriations, supported by general purpose revenue such as taxes; (ii) General Fund Exempt appropriations primarily funded by TABOR-exempt or excess TABOR revenues retained under Referendum C; (iii) cash fund appropriations supported primarily by grants, transfers and departmental charges for services; (iv) reappropriated amounts funded by transfers and earnings appropriated elsewhere in the Long Bill; and (v) estimates of federal funds to be expended that are not subject to legislative appropriation. The Long Bill usually is reported to the General Assembly in March or April with a narrative text. Under current practice, the Long Bill is reviewed and debated in party caucuses in each house. Amendments may be offered by each house, and the JBC generally is designated as a conference committee to reconcile differences. The Long Bill always has been adopted prior to commencement of the Fiscal Year in July. Specific bills creating new programs or amending tax policy are considered separately from the Long Bill in the legislative process. The General Assembly takes action on these specific bills, some of which include additional appropriations separate from the Long Bill. The Long Bill for Fiscal Year 2012-13 was adopted by the General Assembly on April 26, 2012.

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 2012-13 was approved and signed by the Governor on May 7, 2012.

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

Revenues and Unappropriated Amounts

For each Fiscal Year, a statutorily defined amount of unrestricted General Fund year-end balances is required to be retained as a reserve (the "**Unappropriated Reserve**"), which Unappropriated Reserve may be used for possible deficiencies in General Fund revenues. Unrestricted General Fund revenues that exceed the required Unappropriated Reserve, based upon revenue estimates, are then available for appropriation. In response to economic conditions and their effect on estimated General Fund revenues, the General Assembly periodically modifies the required amount of the Unappropriated Reserve. Per SB 09-219 and SB 09-277, the Unappropriated Reserve for Fiscal Years 2008-09 and 2009-10 was reduced from previously designated 4.0% to 2.0% of the amount appropriated for expenditure from the General Fund in each such Fiscal Year. The Unappropriated Reserve for Fiscal Year 2010-11 and Fiscal Year 2011-12 increased to 2.3% and 4.0%, respectively, of the amount appropriated for expenditure from the General Fund in such Fiscal Years.

The State's unaudited Fiscal Year 2011-12 Basic Financial Statements ("**BFS**") show that the State ended such Fiscal Year with $582.3 million in General Fund Surplus, which is in excess of the required 4.0% Unappropriated Reserve level. The OSPB September 2012 Revenue Forecast projects that the State will end Fiscal Year 2012-13 with reserves equal to $717.1 million above the 4.0% Unappropriated Reserve requirement. Per HB 12-1338, $59.0 million of Fiscal Year 2011-12 excess reserves were transferred to the State Education Fund and the balance was carried forward and became part of the beginning Fiscal Year 2012-13 fund balance, and all of the Fiscal Year 2012-13 excess reserves are required to be transferred to the State Education Fund.

Expenditures: The Balanced Budget and Statutory Spending Limitation

The State Constitution requires that expenditures for any Fiscal Year not exceed available resources for such Fiscal Year. Total unrestricted General Fund appropriations for each Fiscal Year are limited as provided in Section 24-75-201.1, C.R.S. For the Fiscal Years discussed in this Official Statement, total General Fund appropriations were limited to: (i) such moneys as are necessary for reappraisals of any class or classes of taxable property for property tax purposes as required by Section 39-1-105.5, C.R.S., plus (ii) the lesser of (a) an amount equal to 5% of Colorado personal income (as reported by the U.S. Bureau of Economic Analysis for the calendar year preceding the calendar year immediately preceding a given Fiscal Year) or (b) an amount equal to 106% of General Fund appropriations for the previous Fiscal Year. Per SB 09-228, for Fiscal Years 2009-10 and thereafter, total General Fund appropriations are limited to the sum of the amount stated in (i) above plus an amount equal to 5% of Colorado personal income.

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

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

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

Fiscal Year Spending and Emergency Reserves

Through TABOR, the State Constitution imposes restrictions on increases in fiscal year spending without voter approval and requires the State to maintain a TABOR Reserve. See "Taxpayer's Bill of Rights" under this caption for a discussion of the effects of the State Constitution on the State's financial operations.

Fiscal Controls and Financial Reporting

No moneys may be disbursed to pay any appropriations unless a commitment voucher has been prepared by the agency seeking payment and submitted to the central accounting system, which is managed by the Office of the State Controller, a division of the Department of Personnel & Administration. The State Controller is the head of the Office of the State Controller Office and the State Controller or his delegate has statutory responsibility for reviewing each commitment voucher submitted to determine whether the proposed expenditure is authorized by appropriation and whether the appropriation contains sufficient funds to pay the expenditure. All payments from the State Treasury are made by warrants signed by the State Controller and countersigned by the State Treasurer, or by electronic funds transfer. The signature of the State Controller on a warrant is full authority for the State Treasurer to pay the warrant upon presentation.

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

Basis of Accounting

For a detailed description of the State's basis of accounting, see Note 5 to the financial statements in the State's Fiscal Year 2010-11 CAFR appended to this Official Statement as part of **Appendix A**.

Basis of Presentation of Financial Results and Estimates

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

Financial Audits

Financial and post-performance audits of all State agencies are performed by the State Auditor (the "**Auditor**") through the Auditor's staff as assisted by independent accounting firms selected solely by

the Auditor. The Auditor is an employee of the legislative branch and is appointed for a term of five years by the General Assembly based on the recommendations of the Legislative Audit Committee of the General Assembly. The present Auditor has been appointed to a term expiring on June 30, 2016. The Legislative Audit Committee is comprised of members of both houses of the General Assembly and has responsibility to direct and review audits conducted by the Auditor.

The State's Fiscal Year 2010-11 CAFR, including the State Auditor's Opinion thereon, and the State's unaudited Fiscal Year 2011-12 BFS are appended to this Official Statement as **Appendix A**. The State's CAFR for the Fiscal Year Ended June 30, 2012 is expected to be released to the public by the State and be available on or about December 31, 2012. The Office of the State Auditor, being the State's independent auditor, has not been engaged to perform and has not performed since the date of the State Auditor's report included herein, any procedures on the financial statements presented in the Fiscal Year 20010-11 CAFR or on the Fiscal Year 2011-12 BFS, nor has the State Auditor performed any procedures relating to this Official Statement.

Investment and Deposit of State Funds

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

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

See also Notes 14 and 15 to both the State's Fiscal Year 2010-11 CAFR and the unaudited Fiscal Year 2011-12 BFS appended to this Official Statement as part of **Appendix A** and **Appendix E** – "THE STATE GENERAL FUND – Investment of the State Pool."

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 no outstanding general obligation debt.

The State has entered into lease-purchase agreements, including some providing security for outstanding certificates of participation, in order to finance various public projects. The obligations of the State to make lease payments beyond any current Fiscal Year are contingent upon appropriations by the General Assembly. At June 30, 2012, the minimum lease payments due under lease-purchase agreements

entered into by the State were estimated to be $101.41 million in Fiscal Year 2012-13. See Notes 24 and 43 to the State's unaudited Fiscal Year 2011-12 BFS appended to this Official Statement as **Appendix A** for a discussion of the State's notes and bonds payable and material subsequent events that occurred after June 30, 2012, but before publication of the Fiscal Year 2011-12 BFS.

Separate from lease-purchase agreements, the State is authorized to enter into lease or rental agreements for buildings and/or equipment. All of the lease/rental agreements for buildings and/or equipment contain a stipulation that continuation of the lease is subject to funding by the State legislature. Historically, these leases have been renewed in the normal course of business and are therefore treated as non-cancelable for financial reporting purposes. At June 30, 2012, the minimum lease/rental payments due for buildings and/or equipment for Fiscal Year 2012-13 are estimated to be approximately $77.68 million. See Note 22 to the unaudited Fiscal Year 2011-12 BFS appended to this Official Statement as part of **Appendix A**.

For the purpose of financing certain qualified federal aid transportation projects in the State, CDOT issues Transportation Revenue Anticipation Notes. At June 30, 2011, CDOT had outstanding $828.24 million in aggregate principal amount of such notes. These notes are payable solely from certain federal and State funds that are allocated on an annual basis by the State Transportation Commission, in its sole discretion. The allocated funds are expected to be comprised of highway moneys paid directly to CDOT by the U.S. Department of Transportation, and appropriations of revenues from the Highway Users Tax Fund allocated by statute to CDOT.

In addition to the obligations described above, State departments and agencies, including State institutions of higher education, issue revenue bonds for business type activities, as well as bonds and/or notes for the purchase of equipment and construction of facilities and infrastructure. With the exception of the University of Colorado, whose regents are elected, the institutions of higher education are governed by boards whose members are appointed by the Governor with the consent of the State Senate. For the outstanding aggregate principal amount of such bonds as of June 30, 2012, see Notes 24 and 43 to the State's unaudited Fiscal Year 2011-12 BFS appended to this Official Statement as part of **Appendix A**.

Pension and Post-Employment Benefits

The State provides post-employment benefits to its employees based on their work tenure and earnings history through a defined benefit pension plan (as more particularly defined in "APPENDIX I – STATE PENSION SYSTEM," the "**Plan**"), a defined contribution plan and a limited healthcare plan. Each plan is administered by the Public Employees' Retirement Association ("**PERA**"), which is a statutorily created legal entity that is separate from the State. PERA also administers plans for school districts, local governments and other entities, each category of which is considered a separate division of PERA and for which the State has no obligation to make contributions or fund benefits. Most State employees participate in the Plan. For a general description of the Plan and PERA, see "APPENDIX I – STATE PENSION SYSTEM," which is based on PERA's Comprehensive Annual Financial Report for calendar year 2011 (the "**PERA 2011 CAFR**")." For a detailed discussion of the Plan, the defined contribution plan and PERA, see Notes 18, 19 and 20 to both the State's Fiscal Year 2010-11 CAFR and the State's unaudited Fiscal Year 2011-12 BFS appended to this Official Statement and the PERA 2011 CAFR. The information in the State's Fiscal Year 2010-11 CAFR is based on PERA's Comprehensive Annual Financial Report for calendar year 2010; however, the information under this caption has been updated with information from the PERA 2011 CAFR. The information in the State's unaudited Fiscal Year 2011-12 BFS is based on PERA's Comprehensive Annual Financial Report for calendar year 2011.

The Plan is funded with payments made by the State and by each participating State employee, the amounts of which are determined and established by statute. See "APPENDIX I – STATE PENSION

SYSTEM – Funding and Contributions." Although the State has made all statutorily required contributions ("**SRC**") to the Plan, as of December 31, 2011 (the latest period for which audited information for the Plan is available), the actuarial value of the Plan assets and the actuarial accrued liability ("**AAL**") of the Plan were $12.0 billion and $20.8 billion, respectively, resulting in an unfunded actuarial accrued liability ("**UAAL**") of $8.8 billion and a funded ratio of 57.7%, assuming an investment rate of return of 8%. The UAAL at December 31, 2011, would amortize over a 56-year period based on contribution rates as of the date of calculation (*i.e.*, contributions equal to the SRC)[1]. See "APPENDIX 1 – STATE PENSION SYSTEM – Funding and Contributions" and Table 1 therein for details on the State's SRC and ARC, and supplemental contributions made by the State to address funding shortfalls.

The actuarial value of assets for the Plan uses an asset valuation method of smoothing the difference between the market value of assets and the actuarial value of assets to prevent extreme fluctuations that may result from short-term or cyclical economic and market conditions. Accordingly, the full effect of recent fluctuations in Plan assets as a result of economic and market conditions is not reflected in the funded ratio of 57.7%. The funded ratio of the Plan at December 31, 2011, based on the market value of assets, was 57.6%, representing an unfunded accrued liability of $7.9 billion. See "APPENDIX I – STATE PENSION SYSTEM – Plan Assets, Liabilities and Funding Levels" for historical information regarding the Plan's assets, liabilities and funding levels. See also "Management's Discussion and Analysis" and Notes 18, 19 and 20 to the State's Fiscal Year 2010-11 CAFR appended to this Official Statement. Calculation of the UAAL and the ARC is based on numerous assumptions, including future retiree participation and contribution rates, discount rates, investment rates and life expectancy rates. No assurance can be given that the AAL and UAAL of the Plan will not materially increase or that the actuarial or market values of the Plan assets will not materially decrease.

Because the State's annual contributions with respect to the Plan are set by statute and funded in the State's annual budget, such contributions are not affected in the short term by changes in the actuarial valuation of the Plan assets or funding ratio of the Plan. The State's current pension liability or any change in the State's pension liability may adversely affect the State's ability to fully pay the Series 2012H Certificates.

The State also currently offers other post-employment health and life insurance benefits to its employees. The post-employment health insurance is provided under the PERA Health Care Trust Fund in which members from all divisions of PERA may participate. It is a cost-sharing, multiple employer plan 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 Health Care Trust Fund is funded by a statutory allocation of moneys consisting of portions of, among other things, the employer statutorily required contributions, the amount paid by members and the amount of any reduction in the employer contribution rates to amortize any overfunding in each Division's trust fund. At December 31, 2011, the Health Care Trust Fund had an unfunded actuarial accrued liability of $1.4 billion, a funded ratio of 16.5% and a 42-year amortization period. Because the Health Care Trust Fund is a cost-sharing, multiple employer plan, the actuary has not determined the portion of the UAAL that applies to each division participant. However, the State Division, which is itself a cost-sharing, multiple employer participant in the Health Care Trust Fund, represented approximately 34% of the covered payroll reported for the Health Care Trust Fund at December 31, 2011. Although at December 31, 2012, the funded ratio of the Health Care Trust fund was 16.5%, the benefit is a fixed limited subsidy of the retiree's health care

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[1] For purposes of calculating the actuarial annual required contribution ("**ARC**") under the Plan for accounting purposes, GAAP requires that the UAAL be amortized over a maximum period of 30 years. As a result, the ARC is higher than the SRC because it results in a 30-year amortization of the UAAL instead of a 56-year amortization of the UAAL at December 31, 2011.

insurance premium payment, and the retiree bears all risk of medical cost inflation. See Notes 10 and 11 to the PERA 2011 CAFR for additional information regarding the Health Care Trust Fund.

State Authorities

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

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

Note Issues of the State

Under State law, the State Treasurer is authorized to issue and sell notes payable from the anticipated revenues of any one or more funds or groups of accounts to meet temporary cash flow shortfalls. Since Fiscal Year 1984-85, the State has issued tax and revenue anticipation notes in order to fund cash flow shortfalls in the General Fund. For certain Fiscal Years, the State has also funded cash flow shortfalls by use of the proceeds of internal borrowing from State funds other than the General Fund. Since Fiscal Year 2003-04, the State has also issued education loan anticipation notes 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. In June 2012, the State issued $500.0 million of General Fund Tax Revenue Anticipation Notes and $230.0 million of Education Loan Program Tax and Revenue Anticipation Notes. The State anticipates an additional issuance of Education Loan Program Tax and Revenue Anticipation Notes in January 2013, but the amount of the issuance has not been determined.

FORWARD-LOOKING STATEMENTS

This Official Statement, including but not limited to the material set forth under "STATE FINANCIAL INFORMATION," "DEBT AND CERTAIN OTHER FINANCIAL OBLIGATIONS," LITIGATION AND SOVEREIGN IMMUNITY" and in **Appendices E, F and I** 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. The State does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations change or events, conditions or circumstances on which these statements are based occur.

LITIGATION AND SOVEREIGN IMMUNITY

No Litigation Affecting the Series 2012H 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 2012H Certificates or questioning or affecting the validity of the Series 2012H 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 2012H 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 its 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.

HB 12-1361 amended the Immunity Act by waiving sovereign immunity of the State in an action for injuries resulting from a prescribed fire started or maintained by the State or any of its employees on or after January 1, 2012. A prescribed fire is defined as the application of fire in accordance with a written prescription for vegetative fuels, but excluding a controlled burn used in farming industry to clear land of existing crop residue, kill weeds and weed seeds or to reduce fuel build-up and decrease the likelihood of a future fire.

Self Insurance

In 1985, the General Assembly passed legislation creating a self-insurance fund, the Risk Management Fund, and established a mechanism for claims adjustment, investigation and defense, as well as authorizing the settlement and payment of claims and judgments against the State. The General Assembly also utilizes the self-insurance fund for payment of State workers' compensation liabilities. The State currently maintains self-insurance for claims arising on or after September 15, 1985, under the Immunity Act and claims against the State, its officials or its employees arising under federal law. See Notes 6H, 21, 42 and General Fund Components (in Supplementary Information) in both the State's Fiscal Year 2010-11 audited CAFR and the State's unaudited Fiscal Year 2011-12 BFS appended to this Statement as part of **Appendix A**. Judgments awarded against the State for which there is no insurance

coverage or that are not payable from the Risk Management Fund ordinarily require a legislative appropriation before they may be paid.

Current Litigation

The State

For a description of pending material litigation in which the State is a defendant, see Note 42 to the financial statements in both the State's Fiscal Year 2010-11 CAFR and the State's unaudited Fiscal Year 2011-12 BFS appended to this Official Statement as **Appendix A**. One case referenced in Note 42 is the case of *Lobato v. State of Colorado*, which challenges the State's school finance system. On December 9, 2011, the Denver District Court ruled in favor of the plaintiffs, holding that current funding of Colorado's K-12 school finance system is unconstitutional because it is inadequate and not rationally related to the State Constitutional mandate of a thorough and uniform system of free public education. The State has appealed the ruling to the State Supreme Court. The State Attorney General is not opining as to the effect of any final decision rendered in connection with the *Lobato* case.

There can be no assurance regarding the ultimate outcome of the actions described in Note 42 and, except as provided in Note 42, no provision has been made in the financial statements related to the actions discussed in such Note.

TAX MATTERS

In General. In the opinion of Kutak Rock LLP, Bond Counsel, to be delivered at the time of original issuance of the Series 2012H Certificates, under existing laws, regulations, rulings and judicial decisions, the portion of the Base Rent paid by the State which is designated and paid as interest on the Series 2012H Certificates is excludable from gross income for federal income tax purposes and is not a specific item of tax preference for purposes of the federal alternative minimum tax.

The State and the Series 2012H Participating K-12 Institutions have made certain representations and covenanted to comply with requirements that must be satisfied in order for the interest on the Series 2012H Certificates to be excludable from gross income for federal income tax purposes. The opinions set forth above are subject to the accuracy of such representations and continuing compliance by the State and the Series 2012H Participating K-12 Institutions and others with such covenants. Failure to comply with such requirements could cause interest on the Series 2012H Certificates to be included in gross income retroactive to the date of issue of such Series 2012H Certificates.

Notwithstanding Bond Counsel's opinion that the portion of the Base Rent paid by the State which is designated and paid as interest on the Series 2012H Certificates is not a specific preference item for purposes of the federal alternative minimum tax, such interest will be included in adjusted current earnings of certain corporations, and such corporations are required to include in the calculation of alternative minimum taxable income 75% of the excess of such corporations' adjusted current earnings over their alternative minimum taxable income (determined without regard to such adjustment and prior to reduction for certain net operating losses).

The accrual or receipt of interest on the Series 2012H Certificates may otherwise affect the federal income tax liability of the owners of the Series 2012H Certificates. The extent of these other tax consequences will depend upon such owner's particular tax status and other items of income or deduction. Bond Counsel has expressed no opinion regarding any such consequences. Purchasers of the Series 2012H Certificates, particularly purchasers that are corporations (including S corporations and foreign

corporations operating branches in the United States), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers otherwise entitled to claim the earned income credit, or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Series 2012H Certificates.

Bond Counsel has expressed no opinion regarding the effect of any termination of the State's obligation under the Leases, under certain circumstances as provided in the Leases, upon the treatment for federal income tax purposes of any moneys received by the Owners of the Series 2012H Certificates, or any other federal tax consequences related to the ownership or disposition of the Series 2012H Certificates.

Tax Treatment of Original Issue Discount. The Series 2012H Certificates that have an original yield above their interest rate, as shown on the inside cover page of this Official Statement, are being sold at a discount (the "**Tax-Exempt Discount Obligations**"). The difference between the initial public offering prices, as set forth on the inside cover page hereof, of the Tax-Exempt Discount Obligations and their stated amounts to be paid at maturity, constitutes original issue discount treated in the same manner for federal income tax purposes as interest, as described above.

In the case of an owner of a Tax-Exempt Discount Obligation, the amount of original issue discount which is treated as having accrued with respect to such Tax-Exempt Discount Obligation is added to the cost basis of the owner in determining, for federal income tax purposes, gain or loss upon disposition of a Tax-Exempt Discount Obligation (including its sale, redemption or payment at maturity). Amounts received upon disposition of a Tax-Exempt Discount Obligation which are attributable to accrued original issue discount will be treated as tax-exempt interest, rather than as taxable gain, for federal income tax purposes.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Tax-Exempt Discount Obligation, on days which are determined by reference to the maturity date of such Tax-Exempt Discount Obligation. The amount treated as original issue discount on a Tax-Exempt Discount Obligation for a particular semiannual accrual period is equal to (a) the product of (i) the yield to maturity for such Tax-Exempt Discount Obligation (determined by compounding at the close of each accrual period) and (ii) the amount which would have been the tax basis of such Tax-Exempt Discount Obligation at the beginning of the particular accrual period if held by the original purchaser, (b) less the amount of any interest payable for such Tax-Exempt Discount Obligation during the accrual period. The tax basis is determined by adding to the initial public offering price on such Tax-Exempt Discount Obligation the sum of the amounts which have been treated as original issue discount for such purposes during all prior periods. If a Tax-Exempt Discount Obligation is sold between semiannual compounding dates, original issue discount which would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

The Code contains additional provisions relating to the accrual of original issue discount in the case of owners of a Tax-Exempt Discount Obligation who purchase such Tax-Exempt Discount Obligations after the initial offering. Owners of Tax-Exempt Discount Obligations including purchasers of the Tax-Exempt Discount Obligations in the secondary market should consult their own tax advisors with respect to the determination for federal income tax purposes of original issue discount accrued with respect to such obligations as of any date and with respect to the state and local tax consequences of owning a Tax-Exempt Discount Obligation.

Tax Treatment of Bond Premium. The Series 2012H Certificates that have an original yield below their interest rate, as shown on the inside cover page of this Official Statement, are being sold at a premium (collectively, the "**Tax-Exempt Premium Obligations**"). An amount equal to the excess of the issue price of a Tax-Exempt Premium Obligation over its stated redemption price at maturity constitutes premium on such Tax-Exempt Premium Obligation. An initial purchaser of such Tax-Exempt Premium Obligation must amortize any premium over such Tax-Exempt Premium Obligation's term using constant yield principles, based on the purchaser's yield to maturity (or, in the case of Tax-Exempt Premium Obligations callable prior to their maturity, by amortizing the premium to the call date, based upon the purchaser's yield to the call date and giving effect to any call premium). As premium is amortized, the amount of the amortization offsets a corresponding amount of interest allocable to the corresponding payment period and the purchaser's basis in such Tax-Exempt Premium Obligation is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Tax-Exempt Premium Obligation prior to its maturity. Even though the purchaser's basis may be reduced, no federal income tax deduction is allowed. Purchasers of Tax-Exempt Premium Obligations should consult with their own tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to the state and local tax consequences of owning such Tax-Exempt Premium Obligations.

Backup Withholding. As a result of the enactment of the Tax Increase Prevention and Reconciliation Act of 2005, interest on tax-exempt obligations such as the Series 2012H Certificates is subject to information reporting in a manner similar to interest paid on taxable obligations. Backup withholding may be imposed on payments made after March 31, 2007 to any owner of a Series 2012H Certificate who fails to provide certain required information including an accurate taxpayer identification number to any person required to collect such information pursuant to Section 6049 of the Code. The reporting requirement does not in and of itself affect or alter the excludability of interest on the Series 2012H Certificates from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling tax-exempt obligations.

Exemption Under State Tax Law

In the opinion of Bond Counsel, under existing State of Colorado statutes, the interest received by the Owners of the Series 2012H Certificates with respect to their undivided interests in the Base Rent that is designated and paid as interest under the Leases is exempt from State of Colorado income tax. Bond Counsel has expressed no opinion regarding the effect of any termination of the State's obligation under the Leases on interest received or income of the Owners of the Series 2012H Certificates subsequent to such termination, or other tax consequences related to the ownership or disposition of the Series 2012H Certificates under the laws of the State of Colorado or any other state or jurisdiction.

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 2012H Certificates. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Series 2012H Certificates. 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 2012H Certificates or the market value thereof would be impacted thereby. Purchasers of the Series 2012H Certificates 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 2012H 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 2012H Certificates are to be purchased by the Underwriters listed on the front cover page of this Official Statement at a price equal to $204,572,949.20 (representing the aggregate principal amount of the Series 2012H Certificates of $195,965,000.00 plus net original issue premium of $9,396,418.75 less an aggregate underwriting discount of $788,469.55). The Underwriters have agreed to accept delivery of and pay for all the Series 2012H Certificate if any are delivered, provided that the obligation to make such purchase is subject to certain terms and conditions set forth in the Certificate Purchase Agreement related to the Series 2012H Certificates, the approval of certain legal matters by counsel and certain other conditions. The Underwriters may offer and sell the Series 2012H Certificates to certain dealers (including dealers depositing such Series 2012H Certificates into investment funds) and others at prices lower than the public offering prices stated on the inside cover page hereof. The public offering prices set forth on the inside cover page hereof may be changed after the initial offering by the Underwriters.

LEGAL MATTERS

Legal matters relating to the validity of the Series 2012H Certificates are subject to the approving opinion of Kutak Rock LLP, Denver, Colorado, as Bond Counsel, which will be delivered with the Series 2012H 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 2012H 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 Series 2012H 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 Lovells US 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 2012H Certificates.

RATINGS

Standard & Poor's Ratings Services has assigned the Series 2012H Certificates a rating of "AA-" and Moody's Investors Service has assigned the Series 2012H Certificates a rating of "Aa2". 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 2012H Certificates and the 2012H Leased Property, including certain information and materials which have not been included in this Official Statement. Generally, rating agencies base their ratings on such information and materials and on investigations, studies and assumptions by the rating agencies. There is no assurance that any of the ratings will continue for any given period of time or that any of the ratings will not be revised downward, suspended or withdrawn entirely by any such rating agency if, in its judgment, circumstances so warrant. Any such downward revision, suspension or withdrawal of any such rating may have an adverse effect on the market price of the Series 2012H Certificates. Neither the State, the

Financial Advisor (hereinafter defined), nor any Underwriter undertakes any responsibility to oppose any such revision, suspension or withdrawal.

CO-FINANCIAL ADVISORS

The State has retained Piper Jaffray & Co., Denver, Colorado and First Southwest, Greenwood Village, Colorado as co-financial advisors (the "**Co-Financial Advisors**") in connection with the Series 2012H Certificates and with respect to the authorization, execution and delivery of the Series 2012H Certificates. *The Co-Financial Advisors are not obligated to undertake, and have 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 Co-Financial Advisors will act as independent advisory firms and will not be engaged in underwriting or distributing the Series 2012H Certificates.

CONTINUING DISCLOSURE

In connection with its execution and delivery of the Series 2012H 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 2012H 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, 2012, 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. Except as discussed below, during the previous five years the State Treasurer has complied, in all material respects, with the continuing disclosure undertaking entered into by the State Treasurer pursuant to the requirements of Rule 15c2-12. From January 2011 to May 2011, the State Treasurer failed to file with the Municipal Securities Rulemaking Board (the "**MSRB**") periodic cash flow schedules for the State's General Fund Tax and Revenue Anticipation Notes, Series 2010A (the "**Series 2010A General Fund Notes**"), which were issued on December 14, 2010, and paid in full at maturity. Although such periodic filings were not required by Rule 15c2-12, the authorizing resolution for the Series 2010A General Fund Notes included an affirmative covenant by the State Treasurer to file such schedules with the MSRB.

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 2012H Certificates, copies of the Act and certain other documents referred to herein may be obtained from the Underwriters at RBC Capital Markets, LLC, as Representative of the Underwriters, 1200 Seventeenth Street, Suite 2150, Denver, Colorado 80202 Attention: Public Finance Department, telephone number (303) 595-1222. So far as any statements made in this Official Statement involve matters of opinion, forecasts, projections or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact.

OFFICIAL STATEMENT CERTIFICATION

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

STATE OF COLORADO,
acting by and through the State Treasurer

By: /s/ Walker R. Stapleton
Treasurer of the State of Colorado

APPENDIX A
State of Colorado Comprehensive Annual Financial Report
for the Fiscal Year ended June 30, 2011
and
State of Colorado Unaudited Basic Financial Statements
for the Fiscal Year ended June 30, 2012

(Pagination reflects the original printed document)

APPENDIX B
Forms of Master Indenture, 2012H Supplemental Indenture, 2012H Lease, 2012H Site Leases and 2012H 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 statues 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, 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 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 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 any 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 11th day of August, 2009, by Stephanie Nicholls, 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

[The form of Project Account Requisition attached to the Master Indenture has been removed from the form of Master Indenture attached to the Official Statement because it has been amended and restated in its entirety by the form of Project Account Requisition attached to the form of Series 2011G Supplemental Indenture attached to the Official Statement.]

APPENDIX B

LEGAL DESCRIPTION OF LAND INCLUDED IN LEASED PROPERTY

[The legal descriptions attached to the Master Indenture have been removed from the form of Master Indenture attached to the Official Statement. Copies of such legal descriptions are available as described in "INTRODUCTION–Other Information" in the body of this Official Statement.]

APPENDIX C

GLOSSARY

[The Glossary attached to the Master Indenture has been has been removed from the form of Master Indenture attached to the Official Statement because it has been amended and restated in its entirety by the form of Glossary attached to the form of Series 2012H Supplemental Indenture attached to the Official Statement.]

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

STATE OF COLORADO
BUILDING EXCELLENT SCHOOLS TODAY
SERIES 2012H SUPPLEMENTAL TRUST INDENTURE

by

ZIONS FIRST NATIONAL BANK,
as Trustee

authorizing

State of Colorado
Building Excellent Schools Today
Certificates of Participation
Tax-Exempt Series 2012H

Dated as of December 6, 2012

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STATE OF COLORADO
BUILDING EXCELLENT SCHOOLS TODAY
SERIES 2012H SUPPLEMENTAL TRUST INDENTURE

This State of Colorado Building Excellent Schools Today Series 2012H Supplemental Trust Indenture (this "Series 2012H Supplemental Indenture") is dated as of December 6, 2012, 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 by Appendix D hereto and as it may be further 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 2012H Supplemental Indenture is a Supplemental Indenture and is being executed to provide additional terms applicable to the Series 2012H Certificates.

AGREEMENT

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

ARTICLE I

SERIES 2012H CERTIFICATES

Section 1.01. Authorization and Name. The following Certificates shall be executed and delivered pursuant to the Act, the Master Indenture and this Series 2012H Supplemental Indenture: State of Colorado Building Excellent Schools Today Certificates of Participation, Tax-Exempt Series 2012H.

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

(a) The Series 2012H Certificates are hereby designated as Tax-Exempt Certificates.

(b) The aggregate principal amount of the Series 2012H Certificates shall be $195,965,000.

(c) The Authorized Denominations of the Series 2012H Certificates are $5,000 and any integral multiple thereof.

(d) The Series 2012H Certificates executed and delivered on the date the Series 2012H Certificates are first executed and delivered shall be dated the date they are

originally executed and delivered and shall bear interest from such date. Any Series 2012H Certificate executed and delivered upon transfer and exchange of another Series 2012H Certificate shall be dated as of its date of authentication and shall bear interest from the Interest Payment Date next preceding its date of authentication, unless the date of authentication is an Interest Payment Date in which case such Series 2012H Certificate shall bear interest from such Interest Payment Date or unless the date of authentication precedes the first Interest Payment Date in which case such Series 2012H Certificate shall bear interest from the date the Series 2012H Certificates are first executed and delivered.

(e) Interest on the Series 2012H Certificates shall be calculated based on a 360-day year consisting of twelve 30-day months.

(f) The Series 2012H Certificates shall mature on the dates and in the principal amounts, and shall bear interest at the per annum rates, set forth below:

Maturity Date (March 15)	**Principal Amount**	**Interest Rate**
2014	$1,810,000	2.000%
2015	1,780,000	2.000
2015	2,000,000	4.000
2016	1,895,000	2.000
2016	2,000,000	4.000
2017	2,005,000	2.000
2017	2,000,000	4.000
2018	2,125,000	2.000
2018	2,000,000	4.000
2019	4,245,000	5.000
2020	650,000	2.000
2020	3,805,000	4.000
2021	4,620,000	5.000
2022	2,000,000	2.000
2022	2,850,000	4.000
2023	5,005,000	4.000
2024	2,500,000	2.250
2024	2,705,000	4.000
2025	5,365,000	4.000
2026	2,000,000	2.500
2026	3,580,000	4.000
2027	5,770,000	4.000
2028	6,000,000	4.000
2029	6,240,000	4.000
2030	6,485,000	4.000
2031	6,745,000	4.000
2032	7,010,000	4.000
2035	100,775,000	3.250

Section 1.03. Redemption.

(a) ***Extraordinary Redemption Upon Occurrence of Event of Nonappropriation or Event of Default***. The Series 2012H Certificates shall be redeemed in whole, on such date as the Trustee may determine to be in the best interests of the Owners, upon the occurrence of an Event of Nonappropriation or the occurrence and continuation of an Event of Default under any Lease, at a redemption price equal to the lesser of (i) the principal amount of the Series 2012H Certificates (with no premium), plus accrued interest to the redemption date; or (ii) the sum of (A) the amount, if any, received by the Trustee from the exercise of remedies under the Leases with respect to the Event of Nonappropriation or the occurrence and continuation of the Event of Default under any Lease that gave rise to such redemption and (B) the other amounts available in the Trust Estate for payment of the redemption price of the Series 2012H Certificates and all other Certificates that are subject to redemption upon the occurrence of an Event of Nonappropriation or the occurrence and continuation of an Event of Default under any Lease, which amounts shall be allocated among the Series 2012H Certificates and all other Certificates that are subject to redemption upon the occurrence of an Event of Nonappropriation or the occurrence and continuation of an Event of Default under any Lease 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 that are Sinking Fund Certificates with the same Series designation as such Sinking Fund Account. **The payment of the redemption price of any Series 2012H Certificate pursuant to this redemption provision and any similar redemption provision applicable to any other Certificate shall be deemed to be the payment in full of such Series 2012H Certificate and such other Certificate, and no Owner of any such Series 2012H Certificate or other Certificate redeemed pursuant to this redemption provision or any similar redemption provision applicable to such other Certificate 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 the occurrence of an Event of Nonappropriation or an Event of Default under any Lease, notify the Owners of the Series 2012H Certificates and all other Certificates that are subject to redemption upon the occurrence of an Event of Nonappropriation or the occurrence and continuation of an Event of Default 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 thereof. If the funds then available to the Trustee are sufficient to pay the redemption price of the Series 2012H and other Certificates that are subject to redemption, 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 of the Series 2012H Certificates and other Certificates that are subject to redemption, the Trustee shall (aa) 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 Leases; (bb) subject to the applicable provisions of the Indenture, immediately begin to exercise and diligently pursue all appropriate remedies available to it under the Leases in connection with such Event of Nonappropriation or Event of Default; and (cc) pay the remainder of the

redemption price, if any, if and when funds become available to the Trustee from the exercise of such remedies.

(b) ***Mandatory Sinking Fund Redemption***. The Series 2012H Certificates maturing on March 15, 2035 are subject to mandatory sinking fund redemption on March 15 of the years and in the principal amounts set forth below at a redemption price equal to the principal amount thereof (with no premium), plus accrued interest to the redemption date. The Series 2012H Certificates maturing on a particular date shall be selected for redemption on each mandatory sinking fund redemption date by lot from all remaining Series 2012H Certificates maturing on such date, rounded to the nearest Authorized Denomination.

Mandatory Sinking Fund Redemption Date (March 15)	**Principal Amount**
2033	$35,370,000
2034	32,180,000
2035*	33,225,000

* Maturity date

At its option, to be exercised on or before the forty-fifth day next preceding each mandatory sinking fund redemption date, the State may (i) deliver to the Trustee for cancellation any Series 2012H Certificates with the same maturity date as the Series 2012H Certificates subject to such mandatory sinking fund redemption and (ii) receive a credit in respect of its mandatory sinking fund redemption obligation for any Series 2012H Certificates with the same maturity date as the Series 2012H Certificates subject to such mandatory sinking fund redemption which prior to such date have been redeemed (otherwise than by mandatory sinking fund redemption) and cancelled and not theretofore applied as a credit against any mandatory sinking fund redemption obligation. Each Series 2012H Certificate so delivered or previously redeemed shall be credited at the principal amount thereof to the mandatory sinking fund redemption obligation on the mandatory sinking fund redemption dates by lot, and the principal amount of Series 2012H Certificates to be redeemed as part of such mandatory sinking fund redemption on such dates shall be accordingly reduced.

(c) ***Optional Redemption***. The Series 2012H Certificates maturing on and after March 15, 2023 are subject to redemption at the option of the State, in whole or in part and if in part in Authorized Denominations from the remaining maturities bearing interest at the same interest rate designated by the State and by lot within any remaining maturity bearing interest at the same interest rate designated for redemption, on any date on and after March 15, 2022, at a redemption price equal to the principal amount of the Series 2012H Certificates to be redeemed (with no premium), plus accrued interest to the redemption date.

Section 1.04. Form of Certificates. The Series 2012H 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 2012H Supplemental Indenture and is incorporated herein as if set forth in full in the body hereof.

ARTICLE II

SEPARATE ACCOUNTS AND SUBACCOUNTS FOR EACH SERIES OF CERTIFICATES

Section 2.01. Creation of Separate Accounts and Subaccounts. The Trustee shall create the separate accounts and subaccounts in the funds and accounts described below in order to account for the Lease Revenues paid with respect to each Series of Certificates, the proceeds of each Series of Certificates and earnings from the investment of moneys in each such account and subaccount. The name of each such account and subaccount shall include the Series designation of the appropriate Series of Certificates. The following are the separate accounts and subaccounts to be created:

(a) if the Costs of a Participating K-12 Institution's Project are to be funded from proceeds of more than one Series of Certificates, a separate Project Account for each such Series of Certificates;

(b) separate accounts of the State Expense Fund and the Rebate Fund;

(c) separate Sinking Fund Accounts for each Series of Qualified School Construction Certificates; and

(d) separate subaccounts of the Interest Account, the Principal Account, the Purchase Option Account and the Costs of Issuance Account.

Section 2.02. Separate Project Accounts. Notwithstanding any provision of Article III of the Master Indenture, if more than one Project Account is established for the payment of Costs of a Participating K-12 Institution's Project, moneys shall be disbursed from such Project Accounts to pay Costs of the Participating K-12 Institution's Project in the order determined by the State.

ARTICLE III

AMENDMENTS TO INDENTURE

Section 3.01. Amendment of Section 3.01(c)(ii)(A) of the Master Indenture. Section 3.01(c)(ii)(A) of the Master Indenture is amended to read as follows:

(A) principal of Qualified School Construction Certificates that are Sinking Fund Certificates shall be payable solely from the Sinking Fund Account

with the same Series designation as such Series of Qualified School Construction Certificates;

Section 3.02. Amendment of Section 3.02(d)(i) of the Master Indenture. Section 3.02(d)(i) of the Master Indenture is amended to read as follows:

(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. If a separate account has been created in the State Expense Fund (A) from which moneys are to be transferred to a Project Account that has been established to pay, or reimburse the Sublessee for, Costs of a Project to the extent moneys in such Project Account are not sufficient to pay, or reimburse the Sublessee for, Costs of such Project and (B) into which future earnings from the investment of moneys in such Project Account and/or other Project Accounts are to be deposited, then, at the written direction of the State, moneys in such Project Account also may be transferred to the Interest Account or the Principal Account of the Certificate Fund in an amount up to the amount of future earnings that are to be deposited into such Project Account.

Section 3.03. Amendment of Section 3.03 of the Master Indenture. Section 3.03 of the Master Indenture is amended by adding the following new subsection (d):

(d) **New Subaccounts of Series 2010F Account of State Expense Fund**. The Trustee shall create three new subaccounts within the Series 2010F Account of the State Expense Fund: the State Expense Fund Series 2010F Account Subaccount for Center Joint Consolidated School District No. 26 Account, the State Expense Fund Series 2010F Account Subaccount for School District No. 1 in the County of Adams (MAPLETON 1) and the State Expense Fund Series 2010F Account Subaccount for Akron School District No. R-1. Notwithstanding any other provision hereof:

(i) Future earnings from the investment of moneys in the Project Accounts funded with the proceeds of the 2010C Certificates, the 2010F Certificates, the 2011G Certificates and any additional Tax-Exempt Certificates shall be deposited into the following subaccounts, on a pro rata basis, until the balances in such subaccounts are equal to the amounts indicated: $482,519.98 into the State Expense Fund Series 2010F Account Subaccount for Center Joint Consolidated School District No. 26, $32,186.19 into the State Expense Fund Series 2010F Account Subaccount for District No. 1 in the County of Adams (MAPLETON 1) and $381,312.70 into the State Expense Fund Series 2010F Account Subaccount for Akron School District No. R-1.

(ii) Until the Trustee receives a Completion Certificate for the related Project, moneys in the following subaccounts of the State Expense Fund Series 2010F Account shall be transferred to the following Series 2010F Project Accounts: (A) moneys in the State Expense Fund Series 2010F Account

Subaccount for Center Joint Consolidated School District No. 26 shall be transferred to the Series 2010F Project Account of Center Joint Consolidated School District No. 26 to the extent moneys in such Project Account are not sufficient to pay, or reimburse Center Joint Consolidated School District No. 26 for, Costs of its Project; (B) moneys in the State Expense Fund Series 2010F Account Subaccount for School District No. 1 in the County of Adams (MAPLETON 1) shall be transferred to the Series 2010F Project Account of School District No. 1 in the County of Adams (MAPLETON 1) to the extent moneys in such Project Account are not sufficient to pay, or reimburse School District No. 1 in the County of Adams (MAPLETON 1) Center Joint for, Costs of its Project; and (C) moneys in the State Expense Fund Series 2010F Account Subaccount for Akron School District No. R-1 shall be transferred to the Series 2010F Project Account of Akron School District No. R-1 to the extent moneys in such Project Account are not sufficient to pay, or reimburse Akron School District No. R-1 for, Costs of its Project.

(iii) After the Trustee receives a Completion Certificate for the related Project, the remaining moneys in the subaccount of the State Expense Fund Series 2010F Account for the related district shall be transferred to the Series 2010F Account of the State Expense Fund and shall be used to pay the Costs of any Project or the costs of any capital construction project as defined in the Act that qualify as capital expenditures for federal income tax purposes.

Section 3.04. Amended and Restated Form of Project Account Requisition. The form of Project Account Requisition attached as Appendix A to the original Master Indenture, as previously amended, is hereby amended and restated in its entirety in Appendix B hereto.

Section 3.05. Amended and Restated Glossary. In accordance with Section 8.01 of the Master Indenture, the Trustee hereby amends, supplements and restates the Glossary as set forth in Appendix D hereto based on the written direction by the State in the Series 2012H Lease and the written certification by the State in the 2012H Lease that, after such amendment, supplement and restatement the Glossary is accurate and that such amendment, supplement and restatement does not materially modify the substantive provisions of the Indenture, the Leases or the Site Leases.

Section 3.06. References to Sublessees. In order to accommodate the leasing of Leased Property to the Trustee pursuant to a Site Lease by a Participating K-12 Institution's Chartering Authority, whenever, in the body of the Master Indenture or any appendix to the Master Indenture, except Appendices A and C to the original Master Indenture (which are amended and restated in their entirety pursuant to Section 3.04 and 3.05 hereof), the term "Sublessee" is used to refer to the lessor under a Site Lease, such term shall be replaced with "Site Lessor."

Section 3.07. Manner of Giving Notices. The electronic mail address for notices to the State pursuant to Section 9.09 of the Master Indenture is hereby amended to read: brett.j.johnson@state.co.us. The electronic mail address and facsimile number for notices to the

Trustee pursuant to Section 9.09 of the Master Indenture are hereby amended to read: denvercorporatetrust@zionsbank.com and 855.547.6178, respectively.

Section 3.08. Separate Project Accounts. Section 2.02 of the Series 2010B-C Supplemental Indenture, Section 3.02 of the Series 2010D-F Supplemental Indenture and Section 2.02 of the Series 2011G Supplemental Indenture are amended to read as follows:

Notwithstanding any provision of Article III of the Master Indenture, if more than one Project Account is established for the payment of Costs of a Participating K-12 Institution's Project, moneys shall be disbursed from such Project Accounts to pay Costs of the Participating K-12 Institution's Project in the order determined by the State.

ARTICLE IV

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 2012H Supplemental Indenture as if set forth in full herein.

ARTICLE V

MISCELLANEOUS

Section 5.01. Titles, Headings, Etc. The titles and headings of the articles, sections and subdivisions of this Series 2012H 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 5.02. Interpretation and Construction. This Series 2012H 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 2012H Supplemental Indenture. For purposes of this Series 2012H Supplemental Indenture, except as otherwise expressly provided or unless the context otherwise requires:

(a) All references in this Series 2012H 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 2012H Supplemental Indenture. The words "herein," "hereof," "hereto," "hereby," "hereunder" and other words of similar import refer to this Series 2012H 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 applicable

to governmental entities and subject to statutory exceptions and modifications, 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 5.03. Legal Description of Land Included in Leased Property.

(a) The legal description of the land included in the Leased Property subject to the 2012H Lease is set forth in Appendix C hereto. If the land included in the Leased Property subject to the 2012H Lease is modified pursuant to the terms of the 2012H Lease or other land is substituted for land included in the Leased Property subject to the 2012H Lease pursuant to the terms of the 2012H Lease, the legal description set forth in Appendix C hereto will be amended to describe the land included in the Leased Property subject to the 2012H Lease after such modification or substitution.

(b) The Leased Property subject to the 2012H Lease described in Appendix C hereto, the Leased Property subject to the 2009A Lease described in Appendix B to the Master Indenture and Appendix B to the Series 2009A Supplemental Indenture, the Leased Property subject to the 2010B-C Lease described in Appendix D to the Series 2010B-C Supplemental Indenture, the Leased Property subject to the 2010D-F Lease described in Appendix E to the Series 2010D-F Supplemental Indenture and the Leased Property subject to the 2011G Lease described in Appendix C to the Series 2011G Supplemental Indenture (as well as any additional Leased Property subject to any additional Building Excellent Schools Today Lease Purchase Agreement) are part of the Leased Property that is subject to the Indenture. Accordingly, this Section and Appendix C hereto are amendments to the Master Indenture, the Series 2009A Supplemental Indenture, the Series 2010B-C Supplemental Indenture, the Series 2010D-F Supplemental Indenture and the Series 2011G Supplemental Indenture and to the legal description of land included in the Leased Property described in Appendix B to the Master Indenture, Appendix B to the Series 2009A Supplemental Indenture, Exhibit D to the Series 2010B-C Supplemental Indenture, Exhibit E to the Series 2010D-F Supplemental Indenture and Exhibit C to the 2011G Supplemental Indenture; and the Leased Property subject to the Master Indenture, the 2009A Supplemental Indenture, the Series 2010B-C Supplemental Indenture, the Series 2010D-F Supplemental Indenture, the Series 2011G Supplemental Indenture and this Series 2012H Supplemental Indenture include all of (i) the property described in Appendix B to the Master Indenture and Appendix B to the Series 2009A Supplemental Indenture, (ii) the property described in Appendix D to the Series 2010B-C Supplemental Indenture, (iii) the property described in Appendix E to the Series 2010D-F Supplemental Indenture, (iv) the property described in Appendix C to the Series 2011G Supplemental Indenture and (v) the property described in Appendix C hereto.

Section 5.04. Execution in Counterparts. This Series 2012H 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 5.05. 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 2012H Supplemental Indenture as if set forth in full herein.

IN WITNESS WHEREOF, the Trustee has executed this Series 2012H Supplemental Indenture as of the date first above written.

ZIONS FIRST NATIONAL BANK, as Trustee

By _____
Authorized Signatory

[Signature Page to Series 2012H Supplemental Indenture]

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

The foregoing instrument was acknowledged before me this 5th day of December, 2012 by Stephanie Nicholls, 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 2012H CERTIFICATE

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Trustee or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner thereof, Cede & Co., has an interest herein.

No. R-___ $_____

STATE OF COLORADO
BUILDING EXCELLENT SCHOOLS TODAY
CERTIFICATES OF PARTICIPATION
TAX-EXEMPT SERIES 2012H

Interest Rate	Maturity Date	Delivery Date	CUSIP
_____%	March 15, 20__	December 6, 2012	_____

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 amounts payable by the State of Colorado (the "State") under the State of Colorado Building Excellent Schools Today Series 2009A Lease Purchase Agreement dated August 12, 2009, the State of Colorado Building Excellent Schools Today Series 2010B-C Lease Purchase Agreement dated as of March 16, 2010, the State of Colorado Building Excellent Schools Today Series 2010D-F Lease Purchase Agreement dated December 16, 2010, the State of Colorado Building Excellent Schools Today Series 2011G Lease Purchase Agreement dated December 8, 2011, the State of Colorado Building Excellent Schools Today Series 2012H Lease Purchase Agreement dated December 6, 2012 and any other Building Excellent Schools Today Lease Purchase Agreement executed and delivered pursuant to the below-defined Indenture (collectively, the "Leases") by and between Zions First National Bank, Denver, Colorado, in its capacity as trustee under the Indenture (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 dated as of August 12, 2009 (the "Master Indenture") by the Trustee, as amended and supplemented by the State of Colorado Building Excellent Schools Today Series 2009A Supplemental Trust Indenture dated as of August 12, 2009 (the "Series 2009A Supplemental Indenture") by the Trustee, by the State of Colorado Building Excellent Schools Today Series 2010B-C Supplemental Trust Indenture dated as of March 16, 2010 by the Trustee (the "Series 2010B-C Supplemental Indenture"), by the State of Colorado Building Excellent Schools Today Series 2010D-F Supplemental Indenture dated as of December 16, 2010 (the "Series 2010D-F Supplemental Indenture"), by the State of Colorado Building Excellent Schools Today Series 2011G Supplemental Indenture dated as of December 8, 2011 (the "Series 2011G Supplemental Indenture"), the State of Colorado Building Excellent Schools Today October 2012 Supplemental Trust Indenture dated as of October 30, 2012 by the Trustee (the "October 2012 Supplemental Indenture") and by the State of Colorado Building Excellent Schools Today Series 2012H Supplemental Indenture dated as of December 6, 2012 (the "Series 2012H Supplemental Indenture"; the Master Indenture, as amended and supplemented by the Series 2009A Supplemental Indenture, the Series 2010B-C Supplemental Indenture, the Series 2010D-F Supplemental Indenture, the Series 2011G Supplemental Indenture, the October 2012 Supplemental Trust Indenture and the Series 2012H Supplemental Indenture, is referred to as the "Indenture"). Pursuant to the Indenture, certain rights of the Trustee as lessor under the Leases and certain rights of the Trustee in the property leased by the Trustee, as lessor, to the State, as lessee, pursuant to the Leases 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 Tax-Exempt Series 2012H (the "Series 2012H Certificates") and other Certificates issued pursuant to the Indenture (collectively, "Certificates") evidencing undivided interests in the right to receive amounts payable by the State under the Leases. Capitalized terms used but not defined herein have the meaning assigned to them in the Glossary attached to the Master Indenture, as such Glossary has been amended, supplemented and restated by the Glossary attached to the Series 2012H Supplemental Indenture and as it may be further amended, supplemented and restated from time to time.

Payment of Principal and Interest

The principal of and premium, if any, on this certificate shall be payable to the Owner as shown on the registration records of the Trustee upon maturity or prior redemption of this certificate and upon presentation and surrender at the Operations Center of the Trustee. Payment of interest at the interest rate set forth above is payable each March 15 and September 15, commencing September 15, 2013 (each, an "Interest Payment Date"), by check or draft of the Trustee mailed on or before such Interest Payment Date to the Owner of this certificate at its address as it last appears on the registration records of the Trustee at the close of business on the Record Date, which is the first day of the calendar month in which such interest is payable (whether or not a Business Day). Any such interest not so timely paid shall cease to be payable to the person who is the Owner of this certificate at the close of business on the Record Date and shall be payable to the person who is the Owner of this certificate 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 this certificate and the Trustee.

Base Rent and Additional Rent; Termination of Leases

Under the Leases, the Leased Property has been leased by the Trustee to the State; and the State has agreed, subject to the terms of the Leases, 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 Leases, to make certain other payments as Additional Rent with respect to costs and expenses incurred by the State in performing its obligations under the Leases other than its obligations with respect to Base Rent and the State's Purchase Option Price.

The Lease Term of each Lease is the Initial Term commencing on the date such 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 each 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 such 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 subject to such Lease by the State pursuant to such Lease; or (d) termination of such Lease following an Event of Default in accordance such Lease.

Upon termination of the Lease Term of a Lease, all unaccrued obligations of the State under such 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 2012H Certificates

[INSERT REDEMPTION PROVISIONS FROM SUPPLEMENTAL INDENTURE; HEADINGS BOLD ITALICS AND INDENTED]

Notice of Redemption

Notice of the call for any redemption, identifying the Series 2012H 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 2012H 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 2012H Certificates called for redemption, which moneys are or will be available for redemption of Series 2012H 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 Leases or the 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 in the Indenture. The Indenture also contains provisions permitting amendments to the Leases or the 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 additional Series of Certificates secured by the Trust Estate on parity with the Outstanding Certificates, without notice to or approval of the owners of the Outstanding Certificates, as directed by the State and upon satisfaction of certain conditions, all as provided in the Master Indenture. If any additional Series of Certificates are executed and delivered, an existing Lease must be amended or an additional Lease must 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.

Miscellaneous

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.

No provision of the Certificates, the Indenture, any Lease, any Sublease, any Matching Moneys Bond or any other document or instrument 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.

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.

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

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:

_____

APPENDIX B

FORM OF PROJECT ACCOUNT REQUISITION

Zions First National Bank
1001 Seventeenth Street, Suite 850
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 Participating K-12 Institution identified below (the "Participating K-12 Institution") 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 supplemented and amended by the Building Excellent Schools Today Series 2009A Supplemental Trust Indenture dated as of September 12, 2009, the Building Excellent Schools Today Series 2010B-C Supplemental Trust Indenture dated as of March 16, 2010, the Building Excellent Schools Today Series 2010D-F Supplemental Trust Indenture dated as of December 16, 2010, the Building Excellent Schools Today Series 2011G Supplemental Trust Indenture dated as of December 8, 2011, the State of Colorado Building Excellent Schools Today October 2012 Supplemental Trust Indenture dated as of October 30, 2012 by the Trustee and the Building Excellent Schools Today Series 2012H Supplemental Trust Indenture dated as of December 6, 2012 and as it may be further supplemented or amended from time-to-time by Supplemental Indentures or otherwise (the "Master Indenture"). Capitalized terms used but not defined herein have the meanings assigned to them in the Master Indenture.

The Participating K-12 Institution and the State, in accordance with the Master Indenture and the Participating K-12 Institution's Sublease, hereby requisitions the dollar amount described below from the Project Account identified below to pay, or reimburse the Participating K-12 Institution for the payment of, Costs of the Project for which such Project Account was established.

Representations of State and Participating K-12 Institution.

1. The State and, if the Participating K-12 Institution is a Sublessee under a Sublease, the Participating K-12 Institution, each represent that, if this Requisition is the first requisition for a withdrawal from the Participating K-12 Institution'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 Participating K-12 Institution 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 Fair Market Value of the Sublessee's Leased Property or (b) the amount required to support the certification of the State with respect to the Series of Certificates from which such Sublessee's Project Account was funded pursuant to Section 2.09(d)(i) of the Master Indenture.

2. The State and the Participating K-12 Institution represent that the Participating K-12 Institution 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 State and the Participating K-12 Institution represent that the total amount withdrawn from the Participating K-12 Institution's 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 Master Indenture.

Representations of Participating K-12 Institution. The Participating K-12 Institution represents that:

(a) This Requisition is not for an amount that the Participating K-12 Institution does not intend to pay to a Contractor or material supplier because of a dispute or other reason.

(b) If the Participating K-12 Institution is a Sublessee under a Sublease, (i) 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; and (ii) 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 Participating K-12 Institution 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) If the Participating K-12 Institution's Sublease is in full force and effect and no Event of Default or Event of Nonappropriation has occurred and is continuing thereunder; and, if the Participating K-12 Institution has delivered a Matching Moneys Bond to the State, such Matching Moneys Bond is in full force and effect and the Participating K-12 Institution has paid all amounts due under, and is not otherwise in default with respect to any of its obligations with respect to, such Matching Money Bond.

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

PROJECT ACCOUNT CERTIFICATE SERIES: _____

NAME OF PARTICIPATING K-12 INSTITUTION:

_____

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 of the Participating K-12 Institution and the State Representative and is authorized to sign and deliver this Requisition to the Trustee pursuant to the Indenture.

BY SUBLESSEE REPRESENTATIVE

_____
Print Name of Sublessee Representative

_____
Signature of 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

APPENDIX C

LEGAL DESCRIPTION OF LAND INCLUDED IN LEASED PROPERTY SUBJECT TO THE 2012H LEASE

Description of the Real Property

ELBERT SCHOOL DISTRICT NO. 200

Legal Description

Parcel A

That part of the Southeast 1/4 of the Northeast 1/4 and the Northeast 1/4 of the Southeast 1/4 of Section 34, Township 9 South, Range 64 West of the 6th P.M., particularly described by metes and bounds as follows, to wit:

BEGINNING at the point of intersection between the West line of said Northeast 1/4 of the Southeast 1/4 of said Section and the center line of an East and West public road or highway as now established:
running thence, North on the West line of said two forty acre tracts 446 feet to a stake; thence, East, 358 feet to the center line of a North and South public road or highway as now established (May 4, 1944);
thence, South 1° 30' West, along the center line of said last mentioned road or highway, 165 feet to an angle in said road or highway;
thence, South 20° West, along the center line of said road or highway, 290 feet, more or less, to the intersection of the center lines of said two roads or highways;
thence, South 88° 15' West, along the center line of said first mentioned road or highway, 318 feet, more or less, to the PLACE OF BEGINNING,

EXCEPT that portion of the Southeast 1/4 of the Northeast 1/4 of Section 34, Township 9 South, Range 64 West of the 6th P.M. deeded to D & D Oil Company, Inc. by instrument recorded August 21, 1981 in Book 341 at Page 449, described as follows:

COMMENCING at the Southwest corner of said Southeast 1/4 of the Northeast 1/4;
thence, North along the West line of said Southeast 1/4 of the Northeast 1/4, 281 feet, more or less, to the South line of the Tract conveyed to the School in Book 195 at Page 147;
thence, North 89° 15' 00" East, along the South line of the Tract described in Book 195 at Page 147, and an extension of that line for 277.2 feet to the TRUE POINT OF BEGINNING;
thence, North 89° 15' 00" East for 110.65 feet to the old Road Right of Way; thence, South 01° 30' 00" West along said road Right of Way for 127.78 feet; thence, South 89° 15' 00" West for 111.67 feet;
thence, North 01° 57' 21" East for 127.83 feet to the TRUE POINT OF BEGINNING

County of Elbert,
State of Colorado.

Parcel B

A parcel of land in the Southeast 1/4 of the Northeast 1/4 of Section 34, Township 9 South, Range 64 West of the 6th P.M., described as:
COMMENCING at the Southwest corner of the Southeast 1/4 of the Northeast 1/4 of Section 34, Township 9 South, Range 64 West of the 6th P.M.;
thence, North, 281 feet, more or less, along the West line of said Southeast 1/4 of the Northeast 1/4 to an iron stake, being the POINT OF BEGINNING;
thence, for quantity North along the West line of said Southeast 1/4 of the Northeast 1/4, 450 feet to a steel pin;
thence, East at right angles, 271 feet;
thence, South at right angles, 450 feet;
thence, West at right angles, 271 feet to the POINT OF BEGINNING,

County of Elbert,
State of Colorado.

Parcel C

That part of the Northwest 1/4 of the Southeast 1/4 and the Southwest 1/4 of the Northeast 1/4 of Section 34, Township 9 South, Range 64 West of the 6th P.M., described as follows:

BEGINNING at the Southeast corner of said Southwest 1/4 of the Northeast 1/4;
thence, Northerly along the East line of said Southwest 1/4 of the Northeast 1/4, a distance of 731 feet;
thence on an angle to the left of 90°, a distance of 200.00 feet;
thence on an angle to the left of 90°, a distance of 873.00 feet;
thence on an angle to the left of 90°, a distance of 200.00 feet to a point of intersection with the East line of said Northwest 1/4 of the Southeast 1/4;
thence, Northerly along said East line, a distance of 142.00 feet, more or less, to the POINT OF BEGINNING,

County of Elbert,
State of Colorado.

GENOA-HUGO SCHOOL DISTRICT NO. C-113

Legal Description
A tract of land being a part of School Addition as annexed to the Town of Hugo in Book 258, Page 296, recorded May 3, 1967 in the records of the Lincoln County Clerk and Recorder, described as follows: a tract of land located in Section 31, Township 10 South, Range 54 West of the 6th P.M., being more particularly described as follows:
COMMENCING at the southwest corner of said School Addition, being the Point of Beginning N28°36'28"E along said Westerly line of said School Addition, a distance of 409.58 feet; Thence S88°52'14"E a distance of 653.71 feet; Thence S01°07'45"W a distance of 133.20 feet; Thence

S23°00'40"W a distance of 573.77 feet to the northerly right of way line of Highway 40; Thence along said northerly right of way line of Highway 40 on a curve to the right with a radius of 11385.00 feet and an arc length of 697.83 feet to the Point of Beginning.
Above tract contains 8.66 Acres± or 377108.09 Sq. Ft.

HI-PLAINS SCHOOL DISTRICT R-23

Legal Description
TRACT A:
A parcel of land located in a portion of the Northeast quarter of Section 3, Township 9 South, Range 49 West of the 6th P.M. in Kit Carson County, Colorado more particularly described as follows:

Commencing from the Northwest corner of the Northeast Quarter of said Section 3, S76°31'02"E a distance of 876.32 feet to a point on the southeasterly right of way line of State Highway 24 being the TRUE POINT OF BEGINNING;
Thence S01°26'14"W a distance of 2447.67 feet; Thence S89º53'31"W a distance of 831.13 feet; Thence N01°12'55"E, a distance of 1578.47 feet; Thence S89°49'00"W a distance of 20.66 feet to a point being the southeast corner of that parcel described at Reception No. 348461 of Kit Carson County records; Thence N02°18'50"E along the east line of said parcel and the east line of a parcel described at Reception No. 282309 of Kit Carson County records, a distance of 788.99 feet to a highway right of way marker on the south line of State Highway 24; Thence N75°06'19"E along the southeasterly right of way line of State Highway 24, a distance of 34.04 feet to the northeast corner of a parcel of land described in Warranty Deed filed July 13, 2006 at Reception No. 200600545121; Thence the following four (4) courses along the boundary of said parcel;
1. S00°57'50"W a distance of 471.50 feet;
2. S89°02'11"E a distance of 224.90 feet;
3. N37°57'49"E a distance of 482.42 feet;
4. N15°02'11"W a distance of 225.46 feet to the northeast corner of said parcel, also being on the southeasterly right of way State Highway 24; Thence N74°54'36"E along the southeasterly right of way line of State Highway 24, a distance of 376.05 feet to the TRUE POINT OF BEGINNING.

Bearings used herein were based on the North line of the NW ¼ being N89°22'12"E, monumented with a 5/8" rebar and 3-1/4" aluminum cap #10586 inside a monument box located at Highway 59 for the Northwest corner and 5/8" rebar with a 3-1/4" dia. aluminum cap #10586 at the North Quarter corner.

LAKE COUNTY SCHOOL DISTRICT NO. R-1

Legal Description
A portion of land over and across a portion of the Southwest Quarter of Section 23 and the Northwest Quarter of Section 26 in Township 9 South, Range 80 West of the 6th Principal Meridian, lying within Stevens & Leiter's Subdivision of Mineral Survey No. 271, Lake County, Colorado, being more particularly described as follows:

Commencing at the northwest corner of Block 39, said Stevens & Leiter's Subdivision of Mineral Survey No. 271; thence S73°40'00"W (Basis of bearings is the westerly line of Blocks 24 & 39 assumed to bear S16°20'00"E, monumented at it's north end with a #3 Rebar and at it's south end with an illegible monument), 90.00 feet to the northeast corner of Lot 34, Block 40, said point
also being the Point of Beginning; thence S16°20'00"E, 313.00 feet; thence S73°40'00"W, 300.00 feet; thence N16°20'00"W, 193.00 feet to the southwest corner of Lot 23, Block 40; thence N73°40'00"E, 25.00 feet to the southeast corner of said Lot 23; thence N16°20'00"W, 120.00 feet to the northwest corner of Lot 24, Block 40; thence N73°40'00"E, 275.00 feet to the Point of Beginning.

Containing a calculated area of 90,900 square feet (2.09 acres), more or less.

MONTEZUMA-CORTEZ SCHOOL DISTRICT RE-1

Legal Description
Lot 3, Schwartz Minor Subdivision, a subdivision of Lot 2, Schwartz Subdivision, a part of s/2 of Section 25, Township 36 North, Range 16 West, N.M.P.M., according to the office of the Clerk and Recorder, recorded May 24, 2005, Plat Book 15 at Page 149 and AMENDED PLAT recorded September 15, 2005, Plat Book 16 at Page 16. Except any portion recorded under Reception Number 518144 and 518145.
Except any portion recorded in Book 495 at Page 252. County of Montezuma, State of Colorado.

OTIS SCHOOL DISTRICT NO. R-3

Legal Description
Parcel I:
Original Town of Otis, Colorado
Block 7 - Lots 3-5, inclusive, Lots 9-12, inclusive,
Block 8 - Lots 1-6, inclusive,
According to the recorded plat thereof, filed February 14, 1888 as Reception No. 2294, Plat Book 1 at Page 40 of the records of the County Clerk and Recorder of Washington County, Colorado.

Parcel II:
That part of the Northeast quarter of the Southeast quarter (NE1/4 SE1/4) of Section 9, Township 2 North, Range 50 West of the 6th P.M., Washington County, Colorado, which is described as follows: Commencing at a point 1373.13 feet North of the Southeast corner of said Section 9, and 398.08 feet West, and from thence continuing West parallel to the South line of the said NE1/4 SE1/4 of said Section 9, a distance of 722 feet; thence turning at an interior angle left of 91°20' and continuing North a distance of 603.32 feet; thence turning an interior angle left of 88°40' and continuing East a distance of 722 feet; thence turning an interior angle left 91°20' and continuing South a distance of 603.32 feet to the point of beginning. According to the recorded plat thereof, filed March 15, 1977 as Reception No. 724759, Plat Book 2 at Page 67 of the records of the County Clerk and Recorder of Washington County, Colorado.

Parcel III
That part of Fourth Street lying between Blocks 7 and 8 of the Original Town of Otis, Colorado, more particularly described as follows: Starting at the Northeast corner of Lot 6, Block 7 running thence North a distance of 80 feet to the Southeast corner of Lot 1, Block 8; thence West in the North line of said Fourth Street a distance of 312 feet to the East line of Dungan Avenue; thence South in said East line a distance of 80 feet to the South line of said Fourth Street; thence East in said South line a distance of 312 feet to the point beginning; AND the alley lying between Work Avenue and Dungan Avenue in Block 8 of said Original Town, and extending from the North line of said Fourth Street to the North line of said Block 8.

Parcel IV:
The portion of Third Street in the Original Town of Otis, Colorado, lying between Dungan Avenue and Work Avenue and more particularly described as follows: to-wit: Beginning at the Northeast corner of Lot 12, Block 6 of the Original Town of Otis, thence due North for a distance of 80 feet, thence due West for a distance of 300 feet, thence due South for a distance of 80 feet, thence due East for a distance of 300 feet, back to the place of beginning; AND the alleys in Blocks 6 and 7 in the Original Town of Otis, Colorado, according to the recorded plat thereof.

Parcel V:
Original Town of Otis, Colorado
Block 7 - Lots 1 and 2 & Lots 7 and 8,
According to the recorded plat thereof, filed February 14, 1888 as Reception No. 2294, Plat Book 1 at Page 40 of the records of the County Clerk and Recorder of Washington County, Colorado.
(NOTE: Registered Torrens Land, Certificate #3240, Book 16 at Page 113)

PLATTE VALLEY SCHOOL DISTRICT NO. RE3

Legal Description
Commencing from the Northwest corner of Lot 32, Block 26, Town of Ovid recorded at Reception No. 169052 at the Sedgwick County Clerk and Recorder's office in Julesburg, Colorado; N01°21'30"W a distance of 40.0 feet to the Point of Beginning; Thence N01°21'30"W a distance of 39.88 feet to a found corner; Thence S88°54'50"W along the north line of former Clark Ave., a distance of 309.46 feet; Thence S01°06'01"E a distance of 233.34 feet; Thence S88°41'37"W a distance of 155.56 feet; Thence N01°18'23"W a distance of 193.93 feet to the centerline of former Clark Ave.; Thence S88°57'46"W along said centerline, a distance of 153.03 feet to the Point of Beginning.

Above parcel contains 0.98 Acres± or 4254.93 Sq Ft.

SHERIDAN SCHOOL DISTRICT NO. 2

Legal Description
That portion of a parcel of land described in Book 2563 at Page 673 of the Arapahoe County, Colorado records described as follows:

Basis of bearings is the north line of the southwest quarter of Section 5, T5S, R68W, of the 6th P.M., monumented at its west end with a 3-1/4" Aluminum Cap, LS 13155 and at its east end with a 3-1/4" Aluminum Cap, LS 16109. Said line bears S89º32'00"W, 2640.61 feet.

Commencing at the northeast corner of said parcel, thence S89º32'00"W along the north line of the southwest quarter of said Section 5, a distance of 80.00 feet to the Point of Beginning;

1) Thence continuing S89º32'00"W, along the northerly line of said parcel, 904.47 feet;
2) Thence along the westerly line of said parcel the following three (3) courses;
   a. S00º17'16"E, 95.88 feet;
   b. S39º27'44"W, 21.50 feet;
   c. S00º23'16"E, 648.50 feet to a point on the southerly line of said parcel;
3) Thence S87º36'16"E along said southerly line, 476.60 feet;
4) Thence N89º18'57"E, 274.80 feet;
5) Thence N00º09'16"W, 199.62 feet;
6) Thence N35º43'21"W, 54.12 feet;
7) Thence S89º18'57"W, 285.05 feet;
8) Thence N01º16'13"W, 123.00 feet;
9) Thence N89º18'25"E, 483.33 feet;
10) Thence N00º09'16"W, 416.00 feet to the Point of Beginning.

Containing a calculated area of 611,805 square feet (14.045 acres), more or less.

WELD COUNTY SCHOOL DISTRICT NO. 6

Legal Description

A 20 acre tract of land being part of the NW1/4 of Section 28, Township 5 North, Range 66 West of the 6th P.M., City of Evans, County of Weld, State of Colorado, more particularly described as follows:

Commencing at the NW corner of said Section 28 and assuming the North line of the NW1/4 to bear N89°31'10"E, a grid bearing of the Colorado State Plane Coordinate System, North Zone, North American Datum 1983/92, a distance of 2630.69 feet with all other bearings herein relative thereto; N89°31'10"E along the north line of the said NW1/4 of Section 28 a distance of 2008.67 feet to the True Point of Beginning; Thence continuing N89°31'10"E along the north line of the said NW1/4 of Section 28 a distance of 428.51 feet to the northwest corner of a parcel of land described in instrument recorded January 29, 2003 at Reception No. 3027928 of the records of Weld County; the next 2 courses are along the westerly and southerly lines of that parcel of land described in Reception No. 3027928 of the records of Weld County: S00°34'47"E a distance of 248.42 feet; thence S89°41'55"E a distance of 191.21 feet to the east line of the said NW1/4 of Section 28; thence S00°03'05"E along the east line of the said NW1/4 of Section 28 a distance of 1258.28 feet; thence S89°56'55"W a distance of 93.78 feet to a point of curve (PC); thence along the arc of a curve concave to the northeast a distance of 92.19 feet, said curve having a radius of 450.00 feet, a delta of 11 °44' 15" and being subtended by a chord bearing N84°10'58"W a distance of 92.02 feet to a point of tangency (PT); thence N78°18'50"W a distance of 151.97 feet to a PC; thence along the arc of a

curve concave to the southwest a distance of 95.56 feet, said curve having a radius of 450.00 feet, a delta of 12°10'01" and being subtended by a chord bearing N84°23'50"W a distance of 95.38 feet to a PT; thence S89°31'10"W a distance of 192.97 feet; thence N00°03'05"W a distance of 1456.38 feet to the north line of the said NW1/4 of Section 28 and the True Point of Beginning, County of Weld, State of Colorado.

Said Parcel contains 20.0 Acres± or 871435.12 Sq. Ft.

APPENDIX D

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 a Lease, the costs and expenses incurred by the State in performing its obligations under such Lease other than its obligations with respect to Base Rent and the State's Purchase Option Price; and (b) when used with respect to amounts payable by a Participating K-12 Institution pursuant to a Sublease, the costs and expenses incurred by the Participating K-12 Institution in performing its obligations under such Sublease other than its obligations with respect to the Sublessee's Purchase Option Price under such Sublease and its Matching Moneys obligations (whether in the form of cash, Base Rent, a Matching Moneys Bond and payments thereon or Matching Moneys Installment Payments). Amounts payable by a Participating K-12 Institution pursuant to a Sublease are not included in the Trust Estate.

"*Adverse Federal Direct Payment Event*" means an event that would (a) cause a Taxable Build America Certificate to fail to qualify as a qualified bond within the meaning of Section 54AA(g)(2) of the Code or (b) cause a Taxable Qualified School Construction Certificate to fail to qualify as a qualified tax credit bond within the meaning of Section 54A of the Code and as a qualified school construction bond with the meaning of Section 54F(a) of the Code.

"*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(d) of the Code;

(b) with respect to a Taxable Build America Certificate, a Taxable Qualified School Construction 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 the Certificate 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 Tax Credit 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 Participating K-12 Institution pursuant to a Sublease, the payments, if any, by the Participating K-12 Institution pursuant to such Sublease that are designated and paid as Base Rent under such Sublease. Base Rent payable by Participating K-12 Institutions 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 2012H 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.

"*Charter*" means the charter granted to the charter school by the Chartering School District or other contract between the charter school and the Chartering School District under which the charter school operates.

"*Chartering Authority*" means the school district or State Charter School Institute that has granted or entered into a charter school's charter.

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

"*Colorado Recovery Act*" means the Colorado Recovery and Reimbursement Finance Act of 2009, C.R.S. title 11, article 59.7, as it may be amended from time-to-time.

"*Comparable Treasury Issue*" means, with respect to any Series of Certificates, the U.S. Treasury security selected by a Reference Dealer designated by the State as having a maturity comparable to the remaining term to maturity of the Series of Certificates to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such Series of Certificates being redeemed.

"*Comparable Treasury Price*" means:

(a) with respect to the Series 2010B Certificates and any redemption date, (i) the average of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) on the third business day preceding such redemption date, as compiled and published in the most recent Federal Reserve Statistical Release H.15(519) (or any successor release) that has become publicly available three business days prior to the date of redemption (excluding inflation-indexed securities) or (ii) if such release (or any successor release) is not published or does not contain such prices on such business day, (A) the average of five Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest such Reference Treasury Dealer Quotations, or (B) if the Trustee, or the independent accounting firm or financial advisor retained for such purpose, as applicable, is unable to obtain five such Reference Treasury Dealer Quotations, the average of all such quotations; and

(b) with respect to any Series of Certificates other than the Series 2010B Certificates and any redemption date, (i) the average of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) on a day at least three Business Days but no more than 45 Business Days preceding such redemption date, as compiled and published in the most recent Federal Reserve Statistical Release H.15(519) (or any successor release) that has become publicly available prior to the date of redemption (excluding inflation-indexed securities) or (ii) if such release (or any successor release) is not published or does not contain such prices on such Business Day, (A) the average of five Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest such Reference Treasury Dealer Quotations, or (B) if the Trustee or the independent accounting firm or financial advisor retained for such purpose, as applicable, is unable to obtain five such Reference Treasury Dealer Quotations, the average of all such quotations.

"*Completion Certificate*" for each Project is defined in the Sublease of the Participating K-12 Institution for which the Project was financed.

"*Completion Date*" for each Project is defined in the Sublease of the Participating K-12 Institution 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 financed with the proceeds of a Series of Certificates (a) that are incurred in connection with the preparation, negotiation, execution and delivery of any Site Lease, Lease, Sublease or 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, 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; and (b) (i) if proceeds of such Series of Certificates are deposited into one or more Project Accounts, such costs are incurred prior to the last Completion Date for a Project that is to be funded from one of such Project Accounts and (ii) if proceeds of such Series of Certificates are used to defease Certificates pursuant to the Master Indenture, such costs are incurred in connection with the defeasance of such Certificates.

"*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 and 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 if such obligations are backed or guaranteed by the full faith and credit of the United States or the full faith and credit of the United States is pledged for the payment of principal of and interest on such obligations:

(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.

"*DTC*" means The Depository Trust Company, New York, New York, and its successors in interest and assigns.

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

"*Event of Default*" means (a) when the term is used in any Lease or is used to refer to an event occurring under a Lease, an event described in Section 11.01 of such Lease; (b) when the term is used in a Sublease with respect to Leased Property subject to a Lease or when the term is used in a Sublease 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 a 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; and (d) when the term is used in the Indenture, an Event of Default under any Lease.

"*Event of Nonappropriation*" means (a) when the term is used in a Lease, an event described in Section 5.04(b) of such 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 Sublease with respect to Leased Property or is used in any other Sublease to refer to an event occurring under such Sublease, an event described in Section 6.04(b) of such Sublease; and (d) when the term is used in the Indenture, an Event of Nonappropriation under any 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 the Completion Date for the 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 of such property or by the Participating K-12 Institution for which the Project has been or is being financed; *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 that is being improved pursuant to a Project before the Completion Date for the Project: (i) the sum of (A) the value of the land included in such property as estimated by the Site Lessor of such property or by the Participating K-12 Institution for which the Project is being financed; and (B) the replacement value of property to be improved pursuant to the Project determined by the Colorado School District Self Insurance Pool or other insurer providing casualty and property damage for such property, net of any reduction in the value of such property resulting from demolition or other changes to such property in connection with the Project; *plus* (ii) the sum, without duplication, of (A) the amount of proceeds of Certificates deposited and Allocated Investment Earnings deposited or expected to be deposited into the Project Account for the Project; (B) the amount expected to be expended on the Project from the Assistance Fund; (C) the amount previously expended

on the Project from sources other than the Project Account or the Assistance Fund; and (D) the amount expected to be expended on the Project in the future from sources other than the Project Account or the Assistance Fund;

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

(d) if Fair Market Value is being determined for a portion of property for which a value is determined pursuant to clauses (a), (b) and/or (c) above, including, for example, where only a portion or none of the property improved pursuant to a Project is included in the Leased Property, the State's determination as to the amount of the value determined pursuant to clauses (a), (b) and/or (c) above 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 (a) with respect to Taxable Build America Certificates, payments by the federal government in connection with the interest payable on such Certificates on each Interest Payment Date pursuant to Sections 54AA(g) and 6431 of the Code; and (b) with respect to Taxable Qualified School Construction Certificates, payments by the federal government in connection with the interest payable on each maturity of such Certificates pursuant to Sections 54F 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; (b) when used with respect to a Participating K-12 Institution that is a charter school, the board of directors or other comparable body of such charter school; and (c) when used with respect to any other Participating K-12 Institution, the legislative body, board of directors or other comparable 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, Sublease is executed and delivered (unless a different commencement date is specifically set forth in such Lease, 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 Component*" means the rights of the Owner of a Tax Credit Build America Certificate or a Qualified School Construction Certificate to receive interest on such Certificate independently of the right to receive the principal of such Certificate.

"*Interest Payment Date*" (a) has no meaning with respect to the Series 2009A Certificates; (b) means, with respect to the 2010B-C Certificates, March 15 and September 15, commencing on September 15, 2010; (c) means, with respect to the 2010D-F Certificates, March 15 and September 15, commencing September 15, 2011; (d) means, with respect to the 2011G Certificates, March 15 and September 15, commencing March 15, 2012; (e) means, with respect to the 2012H Certificates, March 15 and September 15, commencing September 15, 2013; and (f) means, with respect to other Certificates, unless this definition is amended at or prior to the execution and delivery of such other Certificates, March 15 and September 15, 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 Tax Credit Qualified School Construction Certificate or Tax Credit Build America Certificate independently of the right to receive the tax credit available to the owner of, and 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, the land described in Exhibit A to such Lease, subject to the terms of such Lease relating to modifications and substitutions of Leased Property; (b) with respect to land included in a Participating K-12 Institution's Leased Property under a Sublease, the land described in Exhibit B to such Sublease, subject to the terms of such Sublease relating to modifications and substitutions of Leased Property; and (c) with respect to the land included in a Site Lessor's Leased Property under a Site 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.

"*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 Building Excellent Schools Today Lease Purchase Agreements, 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 each Lease: (i) the Base Rent; (ii) Federal Direct Payments, if any, with respect to the interest component of Base Rentals paid to the Trustee pursuant to a Lease; (iii) 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); (iv) 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 (v) 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 Participating K-12 Institution under a Sublease or amounts payable under 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 such 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 has been supplemented and amended by the Series 2009A Supplemental Indenture, the Series 2010B-C Supplemental Indenture, the Series 2010D-F Supplemental Indenture, the Series 2011G Supplemental Indenture, the October 2012 Supplemental Indenture and the Series 2012H Supplemental Indenture and as it may be further 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 and delivered to the State to satisfy a Participating K-12 Institution's obligation to pay Matching Moneys with respect to its Project.

"*Matching Moneys Installment Payments*" means periodic payments by a Participating K-12 Institution designated as Matching Moneys Installment Payments in a Sublease that the Participating K-12 Institution has agreed to pay to satisfy the Participating K-12 Institution'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.

"*October 2012 Supplemental Indenture*" means the State of Colorado Building Excellent Schools Today October 2012 Supplemental Trust Indenture dated as of October 30, 2012 by the Trustee, as it may be amended or supplemented from time-to-time by a Supplemental Indenture or otherwise.

"*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.

"*Participant*" means a Participating K-12 Institution that is not a Sublessee under a Sublease.

"*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 any 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 any 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; (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 Site Lessor that leased the Leased Property to the Trustee, materially impair title to the Leased Property; and (i) items appearing on the title insurance policy or commitment to issue the title insurance policy delivered at the time the Leased Property is added to the Leased Property subject to a Lease.

"*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 the rights of the Owner of a Tax Credit Build America Certificate or a Qualified School Construction Certificate not included in the Tax Credit Component or, if applicable, the Interest Component, including the right to payment of the principal of and, unless a separate Interest Strip has been created, Supplemental Interest on such Certificate in accordance with the Indenture and the other rights of the Owner of such Certificate under the Indenture based on the principal amount of such Certificate that are not included in the Tax Credit Component or Interest Component.

"*Principal Strip*" means an instrument evidencing the right to receive the principal of and, unless a separate Interest Strip has been created, Supplemental Interest on a Tax Credit Qualified School Construction Certificate or Tax Credit Build America Certificate independently of the right to receive the tax credit available to the owner of, and the interest on, such Tax Credit 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 Participating K-12 Institution, a capital construction project as defined in the Act that is identified as the Project of such Participating K-12 Institution 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, in whole or in part, 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 Participating K-12 Institution's share of an amount payable (or another amount to be allocated among Participating K-12 Institutions) 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 Participating K-12 Institution'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 Participating K-12 Institution's 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 Participating K-12 Institution's share of the sum of all amounts payable (or all other amounts to be allocated among all Participating K-12 Institutions) 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 such Participating K-12 Institution's Project financed with the proceeds of Certificates and Allocated Investment Earnings and the denominator of which is sum of the costs all Participating K-12 Institutions' 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 Taxable Qualified School Construction Certificate or any Tax Credit Qualified School Construction Certificate.

"*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 on 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.

"*Reference Dealer*" means:

(a) with respect to the Series 2010B Certificates, (i) Goldman, Sachs & Co. or its successors; provided, however, that if the foregoing Reference Dealer shall cease to be a primary U.S. Government securities dealer in New York City (a "Primary Treasury Dealer"), the State shall substitute therefor another Primary Treasury Dealer, and (ii) four other Primary Treasury Dealers selected by the State;

(b) with respect to any Series of Certificates other than the Series 2010B Certificates, (i) RBC Capital Markets, LLC or its successors; provided, however, that if the foregoing Reference Dealer shall cease to be a primary U.S. Government securities dealer in New York City (a "Primary Treasury Dealer"), the State shall substitute therefor another Primary Treasury Dealer, and (ii) four other Primary Treasury Dealers selected by the State.

"*Reference Treasury Dealer Quotations*" means, with respect to each Reference Dealer and any redemption date, the average, as determined by the Trustee or the independent accounting firm or financial advisor retained for such purpose, as applicable, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the State and the Trustee by such Reference Dealer at 5:00 p.m. (New York time) on the third business day preceding such redemption date.

"*Renewal Term*" means, with respect to each Lease and Sublease, each twelve-month period, commencing on July 1 of each Fiscal Year and ending on June 30 of such Fiscal Year, for which the State renews a Lease Term, 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 the date described in Section 3.01(b)(i) of such 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 the date described in Section 3.01(a)(i) of such Site Lease.

"*Scheduled Sublease Term*" means the period that begins on the first day of the Initial Term of a Sublease and ends on the date described in Section 3.01(b)(i) of such 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 pursuant to Section 3.01 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.

"*Series 2010B Certificates*" means the State of Colorado Building Excellent Schools Today Certificates of Participation, Taxable Build America Series 2010B.

"*Series 2010B Interest*" means the interest payable on the Series 2010B Certificates pursuant to the Series 2010B-C Supplemental Indenture.

"*Series 2010B-C Supplemental Indenture*" means the State of Colorado Building Excellent Schools Today Series 2010B-C Supplemental Trust Indenture dated as of March 16, 2010 by the Trustee, as it may be amended or supplemented from time-to-time by a Supplemental Indenture or otherwise.

"*Series 2010C Certificates*" means the State of Colorado Building Excellent Schools Today Certificates of Participation Series 2010C Tax-Exempt Series 2010C.

"*Series 2010C Interest*" means the interest payable on the Series 2010C Certificates pursuant to the Series 2010B-C Supplemental Indenture.

"*Series 2010D Certificates*" means the State of Colorado Building Excellent Schools Today Certificates of Participation Taxable Qualified School Construction Series 2010D.

"*Series 2010D Interest*" means the interest payable on the Series 2010D Certificates pursuant to the Series 2010D-F Supplemental Indenture.

"*Series 2010D Sinking Fund Account*" means the Sinking Fund Account created for the payment of the Series 2010D Certificates pursuant to the Master Indenture.

"*Series 2010D Sinking Fund Principal*" means the payment of Base Rent by the State pursuant to the 2010D-F Lease that are designated and paid as Series 2010D Sinking Fund Principal under the 2010D-F Lease.

"*Series 2010D-F Supplemental Indenture*" means the State of Colorado Building Excellent Schools Today Supplemental Trust Indenture dated as of December 16, 2010 by the Trustee, as it may be amended or supplemented from time-to-time by a Supplemental Indenture or otherwise.

"*Series 2010E Certificates*" means the State of Colorado Building Excellent Schools Today Certificates of Participation Taxable Build America Series 2010E.

"*Series 2010E Interest*" means the interest payable on the Series 2010E Certificates pursuant to the Series 2010D-F Supplemental Indenture.

"*Series 2010F Certificates*" means the State of Colorado Building Excellent Schools Today Certificates of Participation Tax-Exempt Series 2010F.

"*Series 2010F Interest*" means the interest payable on the Series 2010F Certificates pursuant to the Series 2010D-F Supplemental Indenture.

"*Series 2011G Certificates*" means the State of Colorado Building Excellent Schools Today Certificates of Participation Tax-Exempt Series 2011G.

"*Series 2011G Interest*" means the interest payable on the Series 2011G Certificates pursuant to the Series 2011G Supplemental Indenture.

"*Series 2011G Supplemental Indenture*" means the State of Colorado Building Excellent Schools Today Supplemental Trust Indenture dated as of December 8, 2011 by the Trustee, as it may be amended or supplemented from time-to-time by a Supplemental Indenture or otherwise.

"*Series 2012H Certificates*" means the State of Colorado Building Excellent Schools Today Certificates of Participation Tax-Exempt Series 2012H.

"*Series 2012H Interest*" means the interest payable on the Series 2012H Certificates pursuant to the Series 2012H Supplemental Indenture.

"*Series 2012H Supplemental Indenture*" means the State of Colorado Building Excellent Schools Today Supplemental Trust Indenture dated as of December 6, 2012 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 Certificates*" means Qualified School Construction Certificates the principal of which is payable from a Sinking Fund Account.

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

"*Site Lease*" means a lease pursuant to which a Site Lessor 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 Site Lessor 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 such Site Lease.

"*Site Lessor*" means the Participating K-12 Institution or the Chartering Authority for a Participating K-12 Institution that has leased Leased Property to the Trustee pursuant to a Site Lease in its capacity as lessor under such Site Lease.

"*Site Lessor Representative*" means a Person identified as such in a Site Lessor's Site Lease or any Person appointed as Site Lessor Representative by the Person identified as such in 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 Participating K-12 Institution 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, when the term is used to refer to the State's Purchase Option Price in a Lease, the amount that the State must pay to purchase the interest of the Trustee in all the Leased Property subject to such Lease pursuant to Section 8.01 of such Lease.

"*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*" means the creation of a Principal Strip, Interest Strip and/or Tax Credit Strip from a 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 a Supplemental Indenture.

"*Sublease*" means a sublease pursuant to which a Participating K-12 Institution 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 such 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 K-12 Institution that is subleasing Leased Property from the State pursuant to a Sublease.

"*Sublessee Representative*" means a Person identified as such in a Sublessee's Sublease or any Person appointed as Sublessee Representative by the Person identified as such in such 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 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 the 2010B-C Lease, the 2010D-F Lease, the 2011G Lease or the 2012H 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 Section 9.01 of such Sublease.

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

"*Supplemental Interest*" means, with respect to any Tax Credit Qualified School Construction Certificate, interest payable from the date such Certificate is first executed and delivered, at the rate set forth in the Supplemental Indenture authorizing the Series of Certificates of which such Certificate is a part.

"*Tax Credit*" means the federal tax credit that the Owner of a Tax Credit 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 Allowance Date*" means, with respect to each Qualified School Construction Certificate and any Tax Credit Strip relating to a Tax Credit Qualified School Construction Certificate, (a) each March 15, June 15, September 15, and December 15, beginning on the date of issuance of the Qualified School Construction Certificate through the date such Tax Credit Qualified School Construction Certificate matures or is redeemed and (b) the date on which such Tax Credit Qualified School Construction Certificate matures or is redeemed.

"*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 Tax Credit 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 Tax Credit Qualified School Construction Certificate evidencing the right to claim a Tax Credit with respect to such Certificate.

"*Tax Credit Qualified School Construction Certificate*" means any of the Series 2009A Certificates and any Certificate of any other Series designated as a Tax Credit Qualified School Construction Certificate in the Supplemental Indenture authorizing the issuance of such other Series of Certificates of which such Certificate is a part.

"*Tax Credit Rate*" means, with respect to any Tax Credit Qualified School Construction Certificate, the credit rate as of the date on which there is a binding, written contract for the initial sale and exchange of such Certificate, as published by the United State Bureau of Public Debt on its Internet site for State and Local Government Series securities at: https://www.treasurydirect.gov.

"*Tax Credit Strip*" means an instrument evidencing the right to receive the tax credit available to the owner of a Tax Credit Qualified School Construction Certificate or Tax Credit Build America Certificate independently of the right to receive the principal of or the interest on such Tax Credit 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, Tax Credit Qualified School Construction Certificates or Taxable 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 Build America Certificates Tax Law Change*" means legislation has been enacted by the Congress of the United States or passed by either House of the Congress, or a decision has been rendered by a court of the United States, or an order, ruling, regulation (final, temporary or proposed) or official statement has been made by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency of appropriate jurisdiction, the effect of which would be to suspend, reduce or terminate the Federal Direct Payment from the United States Treasury to the State with respect to the Taxable Build America Certificates or to state or local government issuers generally with respect to obligations of the general character of the Taxable Build America Certificates pursuant to Sections 54AA or 6431 of the Code of Federal Direct Payments equal to 35% of the interest payable on each interest payment date; provided that such suspension, reduction or termination of the Federal Direct Payments is not due to a failure by the State to comply with the requirements under the Code to receive such Federal Direct Payments.

"*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.

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

"*Taxable Qualified School Construction Certificates Tax Law Change*" means legislation has been enacted by the Congress of the United States or passed by either House of the Congress, or a decision has been rendered by a court of the United States, or an order, ruling, regulation (final, temporary or proposed) or official statement has been made by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency of appropriate jurisdiction, the effect of which would be to suspend, reduce or terminate the Federal Direct Payment from the United States Treasury to the State with respect to the Taxable Build America Certificates or to state or local government issuers generally with respect to obligations of the general character of the Taxable Build America Certificates pursuant to Sections 64F or 6431 of the Code of Federal Direct Payments equal to the lesser of (a) 100% of the interest payable on each Taxable Qualified School Construction Certificate on each interest payment date and (b) the amount of interest which would have been payable on the such Taxable Qualified School Construction Certificate on such interest payment date if such rate were the Tax Credit Rate; provided that such suspension, reduction or termination of the Federal Direct Payments is not due to a failure by the State to comply with the requirements under the Code to receive such Federal Direct Payments.

"*Total Scheduled Base Rent*" means, (a) with respect to any Base Rent Payment Date under the 2009A Lease, the 2009A Sinking Fund Principal component of Base Rent payable pursuant to the 2009A Lease on such Base Rent Payment Date; (b) with respect to any Base Rent Payment Date under the 2010B-C Lease, the sum of the Amortizing Principal, Series 2010B Interest and Series 2010C Interest components of Base Rent payable pursuant to the 2010B-C Lease on such Base Rent Payment Date; (c) with respect to any Base Rent Payment Date under the 2010D-F Lease, the sum of the Amortizing Principal, Series 2010D Sinking Fund Principal, Series 2010D Interest, Series 2010E Interest and Series 2010F Interest components of Base Rent payable pursuant to the 2010D-F Lease on such Base Rent Payment Date; (d) with respect to any Base Rent Payment Date under the 2011G Lease, the sum of the Amortizing Principal and Series 2011G Interest components of Base Rent payable pursuant to the 2011G Lease on such Base Rent Payment Date; and (e) with respect to any Base Rent Payment Date under the 2012H Lease, the sum of the Amortizing Principal and Series 2012H Interest components of Base Rent payable pursuant to the 2012H Lease on such Base Rent Payment Date.

"*Treasury Rate*" means, with respect to any redemption date, the rate per annum equal to the semiannual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date

"*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.

"*2010B-C Certificates*" means the Series 2010B Certificates and the Series 2010C Certificates, collectively.

"*2010B-C Lease*" means the State of Colorado Building Excellent Schools Today Series 2010B-C Lease Purchase Agreement dated as of March 16, 2010 between the Trustee and the State, as amended or supplemented from time to time.

"*2010B-C Leased Property*" means the Leased Property subject to the 2010B-C Lease.

"*2010B-C Participating K-12 Institutions*" means Alta Vista Charter School, Colorado School for the Deaf and Blind, Crestone Charter School, Inc., Delta County School District 50J, Douglas County School District Number Re-1, El Paso County School District No. 8, Miami Yoder School District JT-60, Park County School District Re-2, San Juan School District No. 1 and Swink School District No. 33.

"*2010B-C Project Accounts*" means the Project Accounts into which proceeds of the Series 2010B-C Certificates are deposited.

"*2010B-C Projects*" means the Projects financed with proceeds of the Series 2010B-C Certificates.

"*2010B-C Site Leases*" means the Site Leases between the Trustee and the 2010B-C Site Lessors, as amended or supplemented from time to time.

"2010B-C Site Lessors" means Lamar School District RE-2, Colorado School for the Deaf and Blind, Delta County School District 50J, Douglas County School District Number Re-1, El Paso County School District No. 8, Miami Yoder School District JT-60, Park County School District Re-2, San Juan School District No. 1 and Swink School District No. 33.

"*2010B-C Subleases*" means the Subleases between the State and the 2010B-C Sublessees and, in the case of a charter school, the charter school's Chartering Authority, as amended or supplemented from time to time.

"*2010B-C Sublessees*" means the 2010B-C Participating K-12 Institutions other than Crestone Charter School, Inc. in their capacities as Sublessees under the 2010B-C Subleases.

"*2010D-F Certificates*" means the Series 2010D Certificates, the Series 2010E Certificates and the Series 2010F Certificates, collectively.

"*2010D-F Lease*" means the State of Colorado Building Excellent Schools Today Series 2010D-F Lease Purchase Agreement dated as of December 16, 2010 between the Trustee and the State, as amended or supplemented from time to time.

"*2010D-F Leased Property*" means the Leased Property subject to the 2010D-F Lease.

"*2010D-F Participating K-12 Institutions*" means Akron School District No. R-1, Center Joint Consolidated School District No. 26, Holly School District RE-3, Lake George Charter School, School District No. 1 in the County of Adams (MAPLETON 1), Monte Vista Consolidated School District No. 8, North Routt Community Charter School, Salida School District R-32-J and Vista Charter School.

"*2010D-F Project Accounts*" means the Project Accounts into which proceeds of the Series 2010D-F Certificates are deposited.

"*2010D-F Projects*" means the Projects financed with proceeds of the Series 2010D-F Certificates.

"*2010D-F Site Leases*" means the Site Leases between the Trustee and the 2010D-F Site Lessors, as amended or supplemented from time to time.

"2010D-F Site Lessors" means Akron School District No. R-1, Center Joint Consolidated School District No. 26, Holly School District RE-3, Park County School District RE-2, School District No. 1 in the County of Adams (MAPLETON 1), Monte Vista Consolidated School District No. 8, North Routt Community Charter School, Salida School District R-32-J and Vista Charter School.

"*2010D-F Subleases*" means the Subleases between the State and the 2010D-F Sublessees and, in the case of a charter school, the charter school's Chartering Authority, as amended or supplemented from time to time.

"*2010D-F Sublessees*" means the 2010D-F Participating K-12 Institutions in their capacities as Sublessees under the 2010D-F Subleases.

"*2011G Certificates*" means the Series 2011G Certificates.

"*2011G Lease*" means the State of Colorado Building Excellent Schools Today Series 2011G Lease Purchase Agreement dated as of December 8, 2011 between the Trustee and the State, as amended or supplemented from time to time.

"*2011G Leased Property*" means the Leased Property subject to the 2011G Lease.

"*2011G Participating K-12 Institutions*" means Arapahoe County School District No. 1, Big Sandy School District No. 100J, Eagle County Charter Academy, Ellicott School District No. 22, Horizons K-8 School, Idalia RJ-3 School District, Ignacio School District No. 11 JT, Sanford School District No. 6J, School District No. RE-11 in the County of Weld and State of Colorado and The Laurent Clerc Educational Fund of Colorado d/b/a Rocky Mountain Deaf School.

"*2011G Project Accounts*" means the Project Accounts into which proceeds of the Series 2011G Certificates are deposited.

"*2011G Projects*" means the Projects financed with proceeds of the Series 2011G Certificates.

"*2011G Site Leases*" means the Site Leases between the Trustee and the 2011G Site Lessors, as amended or supplemented from time to time.

"2011G Site Lessors" means Arapahoe County School District No. 1, Big Sandy School District No. 100J, Boulder Valley School District No. RE 2, Eagle County School District No. RE 50, Ellicott School District No. 22, Idalia RJ-3 School District, Ignacio School District No. 11 JT, Sanford School District No. 6J and School District No. RE-11 in the County of Weld and State of Colorado.

"*2011G Subleases*" means the Subleases between the State and the 2011G Sublessees and, in the case of a charter school, the charter school's Chartering Authority, as amended or supplemented from time to time.

"*2011G Sublessees*" means the following 2011G Participating K-12 Institutions in their capacities as Sublessees under the 2011G Subleases: Arapahoe County School District No. 1, Big Sandy School District No. 100J, Eagle County Charter Academy, Ellicott School District No. 22, Horizons K-8 School, Idalia RJ-3 School District, Ignacio School District No. 11 JT, Sanford School District No. 6J and School District No. RE-11 in the County of Weld and State of Colorado.

"*2012H Certificates*" means the Series 2012H Certificates.

"*2012H Lease*" means the State of Colorado Building Excellent Schools Today Series 2012H Lease Purchase Agreement dated as of December 6, 2012 between the Trustee and the State, as amended or supplemented from time to time.

"*2012H Leased Property*" means the Leased Property subject to the 2012H Lease.

"*2012H Participating K-12 Institutions*" means Elbert School District No. 200, Genoa-Hugo School District No. C-113, Greeley School District No. 6, Hi-Plains School District R-23, Lake County School District No. R-1, Montezuma-Cortez School District No. RE1, Otis School District No. R-3, Platte Valley School District No. RE3 and Sheridan School District No. 2.

"*2012H Project Accounts*" means the Project Accounts into which proceeds of the Series 2012H Certificates are deposited.

"*2012H Projects*" means the Projects financed with proceeds of the Series 2012H Certificates.

"*2012H Site Leases*" means the Site Leases between the Trustee and the 2012H Site Lessors, as amended or supplemented from time to time.

"2012H Site Lessors" means the 2012H Participating Institutions in their capacities as Site Lessors under the 2012H Site Leases.

"*2012H Subleases*" means the Subleases between the State and the 2012H Sublessees and, in the case of a charter school, the charter school's Chartering Authority, as amended or supplemented from time to time.

"*2012H Sublessees*" means the 2012H Participating K-12 Institutions in their capacities as Sublessees under the 2012H 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 Participating K-12 Institution for which such Project was financed.

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

STATE OF COLORADO
BUILDING EXCELLENT SCHOOLS TODAY
SERIES 2012H 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 December 6, 2012

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STATE OF COLORADO
BUILDING EXCELLENT SCHOOLS TODAY
SERIES 2012H LEASE PURCHASE AGREEMENT

This State of Colorado Building Excellent Schools Today Series 2012H Lease Purchase Agreement (this "Lease") is dated as of December 6, 2012 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 has been amended, supplemented and restated by the Glossary attached to the State of Colorado Building Excellent Schools Today Series 2012H Supplemental Trust Indenture dated December 6, 2012 and as it may further 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 with respect to the financing of its Project and, in the case of a Sublease, with respect to the subleasing of the Leased Property improved by the Eligible K-12 Institution's Project to such Eligible K-12 Institution. Each Participating K-12 Institution is an Eligible K-12 Institution and is authorized under applicable law, its governing documents, if relevant, and action of its Governing Body to enter into a Sublease with respect to its Project and, if it is entering into a Sublease, to enter into a Sublease with respect to the Leased Property subject to such Sublease.

B. The Assistance Board has recommended and the State Board has approved the financing of the 2012H Projects for the 2012H 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 2012H Projects for the 2012H Participating K-12 Institutions and to enter into a Sublease with each 2012H Participating Institution.

C. The Leased Property of each Participating K-12 Institution that is entering into a Sublease will be leased to the Trustee pursuant to a Site Lease from the Participating K-12 Institution or, in certain cases where the Participating K-12 Institution is a Charter School, the Chartering Authority of such Participating K-12 Institution. All the Leased Property will be leased by the Trustee to the 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 have been and will be issued pursuant to the Indenture. Proceeds of the Certificates have been and will be used pursuant to the terms of the Indenture to finance all or a portion of the Costs of the Projects of the Participating K-12 Institutions. The following Series of Certificates have been or are being issued pursuant to the Indenture: the Series 2009A Certificates were issued to finance the 2009A Projects of the 2009A Participating K-12 Institutions, the Series 2010B Certificates and the Series 2010C Certificates (collectively referred to as the 2010B-C Certificates) were issued to finance the 2010B-C Projects for the 2010B-C Participating K-12 Institutions, the Series 2010D Certificates, the Series 2010E Certificates and the Series 2010F Certificates (collectively referred to as the Series 2010D-F Certificates) were issued to finance the 2010D-F Projects for the 2010D-F Participating K-12 Institutions, the Series 2011G Certificates were issued to finance the 2011G Projects of the 2011G Participating K-12 Institutions and the Series 2012H Certificates are being issued to finance the 2012H Projects for the 2012H 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, which Matching Moneys 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 payments 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) **[reserved]**

(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, the Series 2009A Certificates, the 2010B-C Certificates, the 2010D-F Certificates, the 2011G Certificates and the 2012H 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 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 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) Each Participating K-12 Institution that is a charter school is a governmental entity and a public school of a school district that is a political subdivision of the State governed by Colorado law and a Charter granted or entered into by its Chartering Authority pursuant to which the property of such charter school reverts to such Chartering Authority upon expiration or termination of such charter. The other Participating K-12 Institutions are State agencies or school districts that are political subdivisions of the State. Benefits received by the Participating K-12 Institutions and the Chartering Authorities by the leasing of the Leased Property by the State pursuant to this Lease accrue to the State. The Participating K-12 Institutions, the Chartering Authorities 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, the Chartering Authorities 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 2012H 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 2012H Certificates are hereby incorporated in the Lease as if set forth in full in this subsection.

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 OF SUBLESSEES

Section 4.01. Sublessees' Obligations to Construct Projects of Sublessees. 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 of Sublessees. The State hereby agrees (a) to cause the Project of each Sublessee 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 such 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 with 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) ***Obligation to Pay Base Rent***. 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. The Base Rent is composed of the following components: (i) Amortizing Principal; and (ii) Series 2012H Interest. The Amortizing Principal and the Series 2012H Interest components of Base Rent (collectively, the "Total Scheduled Base Rent") are payable in the amounts and on the Base Rent Payment Dates set forth on Exhibit B. The amounts payable as Series 2012H Interest are designated and paid as, and represent payment of, interest.

(b) **[reserved]**

(c) ***Credits Against Base Rent***.

(i) The Base Rent payable on any Base Rent Payment Date shall be reduced by the following credits:

(A) 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 shall be credited against the amount of Amortizing Principal and the total Base Rent payable on any Base Rent Payment Date; and

(B) 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 shall be credited against the interest components of Base Rent and the total Base Rent payable on such Base Rent Payment Date.

(ii) Thirty days prior to each Base Rent Payment Date, the Trustee shall notify the State as to the exact amounts, if any, on deposit in each account of the Certificate Fund that will be credited, pursuant to clause (i) above, against components of and total Base Rent payable on such Base Rent Payment Date. If further amounts that are to be credited against the components of 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 such components of and total Base Rent payable on the next succeeding Base Rent Payment Date.

(d) ***Application of Base Rent***. Upon receipt by the Trustee of each payment of Base Rent, the Trustee shall apply the amount of such payment:

(i) *first*, each payment of Base Rent designated and paid as interest, plus the amount of any past due interest on the 2012H 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 shall be deposited into the Principal 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, 5.05 and 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 or otherwise authorized the expenditure of 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 or authorization.

(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 or expenditure authorization 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.

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 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 coinsurance 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 each Site Lease shall be held in the name of the Trustee, subject to such Site Lease and this Lease, until the leasehold estate in such Leased Property under such Site Lease 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 portions of the Leased Property to Sublessees pursuant to Subleases and such Sublessees may further sublease or otherwise grant the right to use the portion of the Leased Property subleased to it 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 State, 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 90% of 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 Site Lessors that leased the Leased Property to the Trustee pursuant to the 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 State or the Sublessee of the substituted property 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 State, 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 State, at its own expense, may install equipment and other personal property in or on any portion of the Leased Property under all the Building Excellent Schools Today Lease Purchase Agreements, 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 2012H Certificates.

(a) The State is hereby granted the option to purchase all, but not less than all, of the Leased Property subject to this Lease in connection with the defeasance of all the 2012H 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 2012H 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 2012H 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 2012H 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 2012H Certificates; and (B) if any 2012H 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 2012H Certificates shall be substituted for the 2012H 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 interest 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 the 2012H Certificates 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. Purchase Options of Sublessees and Chartering Authorities. Upon the occurrence of an Event of Default or Event of Nonappropriation under this Lease, each Sublessee and the Chartering Authority of each Sublessee that is a charter school has the option to purchase the Leased Property that is subject to its Sublease as provided in Article IX and Section 14.22 of such Sublease. The Trustee agrees to notify each Sublessee and the Chartering Authority of each Sublessee that is a charter school upon the occurrence of an Event of Default or Event of Nonappropriation under this Lease and to comply with the provisions of Article IX and Section 14.22 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 2012H Certificates. The State (i) will require each Participating K-12 Institution to covenant in its Sublease that (A) such Participating K-12 Institution will not use or permit any other Person to use such Participating K-12 Institution'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 Participating K-12 Institution will comply with the other certifications, representations and agreements set forth in the Tax Compliance Certificate executed and delivered in connection with its Sublease; and (ii) will enforce such covenant against the Participating K-12 Institution.

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, 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. 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 to make such payment (for purposes of this Section, a "Rebate Fund shortfall"). Any Rebate Fund shortfall shall be payable on or before the date the related payment is due to the United States of America. 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.

Section 9.08. [Reserved]

Section 9.09. Glossary. The State hereby directs the Trustee to amend, supplement and restate the Glossary as set forth in the Series 2012H Supplemental Indenture and hereby certifies that, after such amendment, supplement and restatement, the Glossary is accurate and that such amendment, supplement and restatement does not materially modify the substantive provisions of the Indenture, the Leases or the Site Leases.

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 subject to this Lease or the Leased Property subject to any other Lease within 90 days following an Event of Nonappropriation under the applicable Lease in accordance with Section 3.02(b) of such Lease;

(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 is payable prior to the date, or is 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 Site Lessor 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 applicable to governmental entities, subject to statutory exceptions and modifications, 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 for 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, 200 E. Colfax Ave., Denver, CO 80203, Attention: Deputy State Treasurer, facsimile number: 303-866-2123, electronic mail address: brett.j.johnson@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 850, Denver, Colorado 80202, Attention: Corporate Trust Services facsimile number: 855-547-6178, electronic mail address: denvercorporatetrust@zionsbank.com; and if to any Sublessee or to the Chartering Authority of any Sublessee that is a charter school, to the notice address set forth in the Sublease of such Sublessee. 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 State, the Trustee, the Site Lessors and the Sublessors 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 Site Lessor 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 loans due to the Student Loan Division of the Department of Higher Education; (d) amounts required to be paid to the Unemployment Compensation Fund; and (e) 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]

THE PARTIES HERETO HAVE EXECUTED THIS SERIES 2012H LEASE PURCHASE AGREEMENT AS OF THE DATE FIRST SET FORTH ABOVE

* Person(s) signing hereby swear and affirm that they are authorized to act and acknowledge that the State is relying on their representations to that effect.

ZIONS FIRST NATIONAL BANK, solely in its capacity as trustee under the Indenture By Stephanie Nicholls, Authorized Signatory _____ *Signature	STATE OF COLORADO John W. Hickenlooper GOVERNOR Department of Treasury _____ By Walker R. Stapleton, State Treasurer
STATE OF COLORADO John W. Hickenlooper GOVERNOR Department of Personnel & Administration Office of the State Architect, Real Estate Programs For the Executive Director By: _____ Michael R. Karbach, Manager of Real Estate Programs	LEGAL REVIEW John W. Suthers, Attorney General By:_____ Heidi Dineen, Assistant Attorney General

ALL CONTRACTS REQUIRE APPROVAL BY THE STATE CONTROLLER

CRS §24-30-202 requires the State Controller to approve all State Contracts. This Contract is not valid until signed and dated below by the State Controller or delegate. Contractor is not authorized to begin performance until such time. If Contractor begins performing prior thereto, the State of Colorado is not obligated to pay Contractor for such performance or for any goods and/or services provided hereunder.

STATE CONTROLLER
David J. McDermott, CPA

By:_____
David J. McDermott, State Controller

Date:_____

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

The foregoing instrument was acknowledged before me this 5th day of December, 2012 by Stephanie Nicholls, 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 5th day of December, 2012, by Walker R. Stapleton, Colorado State Treasurer, 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:

_____

EXHIBIT A

LEGAL DESCRIPTION OF LAND INCLUDED IN LEASED PROPERTY

Description of the Real Property

ELBERT SCHOOL DISTRICT NO. 200

Legal Description

Parcel A

That part of the Southeast 1/4 of the Northeast 1/4 and the Northeast 1/4 of the Southeast 1/4 of Section 34, Township 9 South, Range 64 West of the 6th P.M., particularly described by metes and bounds as follows, to wit:

BEGINNING at the point of intersection between the West line of said Northeast 1/4 of the Southeast 1/4 of said Section and the center line of an East and West public road or highway as now established:
running thence, North on the West line of said two forty acre tracts 446 feet to a stake; thence, East, 358 feet to the center line of a North and South public road or highway as now established (May 4, 1944);
thence, South 1° 30' West, along the center line of said last mentioned road or highway, 165 feet to an angle in said road or highway;
thence, South 20° West, along the center line of said road or highway, 290 feet, more or less, to the intersection of the center lines of said two roads or highways;
thence, South 88° 15' West, along the center line of said first mentioned road or highway, 318 feet, more or less, to the PLACE OF BEGINNING,

EXCEPT that portion of the Southeast 1/4 of the Northeast 1/4 of Section 34, Township 9 South, Range 64 West of the 6th P.M. deeded to D & D Oil Company, Inc. by instrument recorded August 21, 1981 in Book 341 at Page 449, described as follows:

COMMENCING at the Southwest corner of said Southeast 1/4 of the Northeast 1/4;
thence, North along the West line of said Southeast 1/4 of the Northeast 1/4, 281 feet, more or less, to the South line of the Tract conveyed to the School in Book 195 at Page 147;
thence, North 89° 15' 00" East, along the South line of the Tract described in Book 195 at Page 147, and an extension of that line for 277.2 feet to the TRUE POINT OF BEGINNING;
thence, North 89° 15' 00" East for 110.65 feet to the old Road Right of Way; thence, South 01° 30' 00" West along said road Right of Way for 127.78 feet; thence, South 89° 15' 00" West for 111.67 feet;
thence, North 01° 57' 21" East for 127.83 feet to the TRUE POINT OF BEGINNING

County of Elbert,
State of Colorado.

Parcel B

A parcel of land in the Southeast 1/4 of the Northeast 1/4 of Section 34, Township 9 South, Range 64 West of the 6th P.M., described as:
COMMENCING at the Southwest corner of the Southeast 1/4 of the Northeast 1/4 of Section 34, Township 9 South, Range 64 West of the 6th P.M.;
thence, North, 281 feet, more or less, along the West line of said Southeast 1/4 of the Northeast 1/4 to an iron stake, being the POINT OF BEGINNING;
thence, for quantity North along the West line of said Southeast 1/4 of the Northeast 1/4, 450 feet to a steel pin;
thence, East at right angles, 271 feet;
thence, South at right angles, 450 feet;
thence, West at right angles, 271 feet to the POINT OF BEGINNING,

County of Elbert,
State of Colorado.

Parcel C

That part of the Northwest 1/4 of the Southeast 1/4 and the Southwest 1/4 of the Northeast 1/4 of Section 34, Township 9 South, Range 64 West of the 6th P.M., described as follows:

BEGINNING at the Southeast corner of said Southwest 1/4 of the Northeast 1/4;
thence, Northerly along the East line of said Southwest 1/4 of the Northeast 1/4, a distance of 731 feet;
thence on an angle to the left of 90°, a distance of 200.00 feet;
thence on an angle to the left of 90°, a distance of 873.00 feet;
thence on an angle to the left of 90°, a distance of 200.00 feet to a point of intersection with the East line of said Northwest 1/4 of the Southeast 1/4;
thence, Northerly along said East line, a distance of 142.00 feet, more or less, to the POINT OF BEGINNING,

County of Elbert,
State of Colorado.

GENOA-HUGO SCHOOL DISTRICT NO. C-113

Legal Description
A tract of land being a part of School Addition as annexed to the Town of Hugo in Book 258, Page 296, recorded May 3, 1967 in the records of the Lincoln County Clerk and Recorder, described as follows: a tract of land located in Section 31, Township 10 South, Range 54 West of the 6th P.M., being more particularly described as follows:
COMMENCING at the southwest corner of said School Addition, being the Point of Beginning N28°36'28"E along said Westerly line of said School Addition, a distance of 409.58 feet; Thence S88°52'14"E a distance of 653.71 feet; Thence S01°07'45"W a distance of 133.20 feet; Thence S23°00'40"W a distance of 573.77 feet to the northerly right of way line of Highway 40; Thence

along said northerly right of way line of Highway 40 on a curve to the right with a radius of 11385.00 feet and an arc length of 697.83 feet to the Point of Beginning.
Above tract contains 8.66 Acres± or 377108.09 Sq. Ft.

HI-PLAINS SCHOOL DISTRICT R-23

Legal Description
TRACT A:
A parcel of land located in a portion of the Northeast quarter of Section 3, Township 9 South, Range 49 West of the 6th P.M. in Kit Carson County, Colorado more particularly described as follows:

Commencing from the Northwest corner of the Northeast Quarter of said Section 3, S76°31'02"E a distance of 876.32 feet to a point on the southeasterly right of way line of State Highway 24 being the TRUE POINT OF BEGINNING;
Thence S01°26'14"W a distance of 2447.67 feet; Thence S89º53'31"W a distance of 831.13 feet; Thence N01°12'55"E, a distance of 1578.47 feet; Thence S89°49'00"W a distance of 20.66 feet to a point being the southeast corner of that parcel described at Reception No. 348461 of Kit Carson County records; Thence N02°18'50"E along the east line of said parcel and the east line of a parcel described at Reception No. 282309 of Kit Carson County records, a distance of 788.99 feet to a highway right of way marker on the south line of State Highway 24; Thence N75°06'19"E along the southeasterly right of way line of State Highway 24, a distance of 34.04 feet to the northeast corner of a parcel of land described in Warranty Deed filed July 13, 2006 at Reception No. 200600545121; Thence the following four (4) courses along the boundary of said parcel;
1. S00°57'50"W a distance of 471.50 feet;
2. S89°02'11"E a distance of 224.90 feet;
3. N37°57'49"E a distance of 482.42 feet;
4. N15°02'11"W a distance of 225.46 feet to the northeast corner of said parcel, also being on the southeasterly right of way State Highway 24; Thence N74°54'36"E along the southeasterly right of way line of State Highway 24, a distance of 376.05 feet to the TRUE POINT OF BEGINNING.

Bearings used herein were based on the North line of the NW ¼ being N89°22'12"E, monumented with a 5/8" rebar and 3-1/4" aluminum cap #10586 inside a monument box located at Highway 59 for the Northwest corner and 5/8" rebar with a 3-1/4" dia. aluminum cap #10586 at the North Quarter corner.

LAKE COUNTY SCHOOL DISTRICT NO. R-1

Legal Description
A portion of land over and across a portion of the Southwest Quarter of Section 23 and the Northwest Quarter of Section 26 in Township 9 South, Range 80 West of the 6th Principal Meridian, lying within Stevens & Leiter's Subdivision of Mineral Survey No. 271, Lake County, Colorado, being more particularly described as follows:

Commencing at the northwest corner of Block 39, said Stevens & Leiter's Subdivision of Mineral Survey No. 271; thence S73°40'00"W (Basis of bearings is the westerly line of Blocks 24 & 39 assumed to bear S16°20'00"E, monumented at it's north end with a #3 Rebar and at it's south end with an illegible monument), 90.00 feet to the northeast corner of Lot 34, Block 40, said point
also being the Point of Beginning; thence S16°20'00"E, 313.00 feet; thence S73°40'00"W, 300.00 feet; thence N16°20'00"W, 193.00 feet to the southwest corner of Lot 23, Block 40; thence N73°40'00"E, 25.00 feet to the southeast corner of said Lot 23; thence N16°20'00"W, 120.00 feet to the northwest corner of Lot 24, Block 40; thence N73°40'00"E, 275.00 feet to the Point of Beginning.

Containing a calculated area of 90,900 square feet (2.09 acres), more or less.

MONTEZUMA-CORTEZ SCHOOL DISTRICT RE-1

Legal Description
Lot 3, Schwartz Minor Subdivision, a subdivision of Lot 2, Schwartz Subdivision, a part of s/2 of Section 25, Township 36 North, Range 16 West, N.M.P.M., according to the office of the Clerk and Recorder, recorded May 24, 2005, Plat Book 15 at Page 149 and AMENDED PLAT recorded September 15, 2005, Plat Book 16 at Page 16. Except any portion recorded under Reception Number 518144 and 518145.
Except any portion recorded in Book 495 at Page 252. County of Montezuma, State of Colorado.

OTIS SCHOOL DISTRICT NO. R-3

Legal Description
Parcel I:
Original Town of Otis, Colorado
Block 7 - Lots 3-5, inclusive, Lots 9-12, inclusive,
Block 8 - Lots 1-6, inclusive,
According to the recorded plat thereof, filed February 14, 1888 as Reception No. 2294, Plat Book 1 at Page 40 of the records of the County Clerk and Recorder of Washington County, Colorado.

Parcel II:
That part of the Northeast quarter of the Southeast quarter (NE1/4 SE1/4) of Section 9, Township 2 North, Range 50 West of the 6th P.M., Washington County, Colorado, which is described as follows: Commencing at a point 1373.13 feet North of the Southeast corner of said Section 9, and 398.08 feet West, and from thence continuing West parallel to the South line of the said NE1/4 SE1/4 of said Section 9, a distance of 722 feet; thence turning at an interior angle left of 91°20' and continuing North a distance of 603.32 feet; thence turning an interior angle left of 88°40' and continuing East a distance of 722 feet; thence turning an interior angle left 91°20' and continuing South a distance of 603.32 feet to the point of beginning. According to the recorded plat thereof, filed March 15, 1977 as Reception No. 724759, Plat Book 2 at Page 67 of the records of the County Clerk and Recorder of Washington County, Colorado.

Parcel III
That part of Fourth Street lying between Blocks 7 and 8 of the Original Town of Otis, Colorado, more particularly described as follows: Starting at the Northeast corner of Lot 6, Block 7 running thence North a distance of 80 feet to the Southeast corner of Lot 1, Block 8; thence West in the North line of said Fourth Street a distance of 312 feet to the East line of Dungan Avenue; thence South in said East line a distance of 80 feet to the South line of said Fourth Street; thence East in said South line a distance of 312 feet to the point beginning; AND the alley lying between Work Avenue and Dungan Avenue in Block 8 of said Original Town, and extending from the North line of said Fourth Street to the North line of said Block 8.

Parcel IV:
The portion of Third Street in the Original Town of Otis, Colorado, lying between Dungan Avenue and Work Avenue and more particularly described as follows: to-wit: Beginning at the Northeast corner of Lot 12, Block 6 of the Original Town of Otis, thence due North for a distance of 80 feet, thence due West for a distance of 300 feet, thence due South for a distance of 80 feet, thence due East for a distance of 300 feet, back to the place of beginning; AND the alleys in Blocks 6 and 7 in the Original Town of Otis, Colorado, according to the recorded plat thereof.

Parcel V:
Original Town of Otis, Colorado
Block 7 - Lots 1 and 2 & Lots 7 and 8,
According to the recorded plat thereof, filed February 14, 1888 as Reception No. 2294, Plat Book 1 at Page 40 of the records of the County Clerk and Recorder of Washington County, Colorado.
(NOTE: Registered Torrens Land, Certificate #3240, Book 16 at Page 113)

PLATTE VALLEY SCHOOL DISTRICT NO. RE3

Legal Description
Commencing from the Northwest corner of Lot 32, Block 26, Town of Ovid recorded at Reception No. 169052 at the Sedgwick County Clerk and Recorder's office in Julesburg, Colorado; N01°21'30"W a distance of 40.0 feet to the Point of Beginning; Thence N01°21'30"W a distance of 39.88 feet to a found corner; Thence S88°54'50"W along the north line of former Clark Ave., a distance of 309.46 feet; Thence S01°06'01"E a distance of 233.34 feet; Thence S88°41'37"W a distance of 155.56 feet; Thence N01°18'23"W a distance of 193.93 feet to the centerline of former Clark Ave.; Thence S88°57'46"W along said centerline, a distance of 153.03 feet to the Point of Beginning.

Above parcel contains 0.98 Acres± or 4254.93 Sq Ft.

SHERIDAN SCHOOL DISTRICT NO. 2

Legal Description
That portion of a parcel of land described in Book 2563 at Page 673 of the Arapahoe County, Colorado records described as follows:

Basis of bearings is the north line of the southwest quarter of Section 5, T5S, R68W, of the 6th P.M., monumented at its west end with a 3-1/4" Aluminum Cap, LS 13155 and at its east end with a 3-1/4" Aluminum Cap, LS 16109. Said line bears S89º32'00"W, 2640.61 feet.

Commencing at the northeast corner of said parcel, thence S89º32'00"W along the north line of the southwest quarter of said Section 5, a distance of 80.00 feet to the Point of Beginning;

1) Thence continuing S89º32'00"W, along the northerly line of said parcel, 904.47 feet;
2) Thence along the westerly line of said parcel the following three (3) courses;
   a. S00º17'16"E, 95.88 feet;
   b. S39º27'44"W, 21.50 feet;
   c. S00º23'16"E, 648.50 feet to a point on the southerly line of said parcel;
3) Thence S87º36'16"E along said southerly line, 476.60 feet;
4) Thence N89º18'57"E, 274.80 feet;
5) Thence N00º09'16"W, 199.62 feet;
6) Thence N35º43'21"W, 54.12 feet;
7) Thence S89º18'57"W, 285.05 feet;
8) Thence N01º16'13"W, 123.00 feet;
9) Thence N89º18'25"E, 483.33 feet;
10) Thence N00º09'16"W, 416.00 feet to the Point of Beginning.

Containing a calculated area of 611,805 square feet (14.045 acres), more or less.

WELD COUNTY SCHOOL DISTRICT NO. 6

Legal Description

A 20 acre tract of land being part of the NW1/4 of Section 28, Township 5 North, Range 66 West of the 6th P.M., City of Evans, County of Weld, State of Colorado, more particularly described as follows:

Commencing at the NW corner of said Section 28 and assuming the North line of the NW1/4 to bear N89°31'10"E, a grid bearing of the Colorado State Plane Coordinate System, North Zone, North American Datum 1983/92, a distance of 2630.69 feet with all other bearings herein relative thereto; N89°31'10"E along the north line of the said NW1/4 of Section 28 a distance of 2008.67 feet to the True Point of Beginning; Thence continuing N89°31'10"E along the north line of the said NW1/4 of Section 28 a distance of 428.51 feet to the northwest corner of a parcel of land described in instrument recorded January 29, 2003 at Reception No. 3027928 of the records of Weld County; the next 2 courses are along the westerly and southerly lines of that parcel of land described in Reception No. 3027928 of the records of Weld County: S00°34'47"E a distance of 248.42 feet; thence S89°41'55"E a distance of 191.21 feet to the east line of the said NW1/4 of Section 28; thence S00°03'05"E along the east line of the said NW1/4 of Section 28 a distance of 1258.28 feet; thence S89°56'55"W a distance of 93.78 feet to a point of curve (PC); thence along the arc of a curve concave to the northeast a distance of 92.19 feet, said curve having a radius of 450.00 feet, a delta of 11 °44' 15" and being subtended by a chord bearing N84°10'58"W a distance of 92.02 feet to a point of tangency (PT); thence N78°18'50"W a distance of 151.97 feet to a PC; thence along the arc of a

curve concave to the southwest a distance of 95.56 feet, said curve having a radius of 450.00 feet, a delta of 12°10'01" and being subtended by a chord bearing N84°23'50"W a distance of 95.38 feet to a PT; thence S89°31'10"W a distance of 192.97 feet; thence N00°03'05"W a distance of 1456.38 feet to the north line of the said NW1/4 of Section 28 and the True Point of Beginning, County of Weld, State of Colorado.

Said Parcel contains 20.0 Acres± or 871435.12 Sq. Ft.

EXHIBIT B

BASE RENT PAYMENT SCHEDULE

Base Rent Payment Date	Amortizing Principal	Series 2012H Interest	Total Scheduled Base Rent
09/12/2013	$ --	$ 5,310,600.31	$ 5,310,600.31
03/12/2014	1,810,000	3,426,193.75	5,236,193.75
09/12/2014	--	3,408,093.75	3,408,093.75
03/12/2015	3,780,000	3,408,093.75	7,188,093.75
09/12/2015	--	3,350,293.75	3,350,293.75
03/12/2016	3,895,000	3,350,293.75	7,245,293.75
09/12/2016	--	3,291,343.75	3,291,343.75
03/12/2017	4,005,000	3,291,343.75	7,296,343.75
09/12/2017	--	3,231,293.75	3,231,293.75
03/12/2018	4,125,000	3,231,293.75	7,356,293.75
09/12/2018	--	3,170,043.75	3,170,043.75
03/12/2019	4,245,000	3,170,043.75	7,415,043.75
09/12/2019	--	3,063,918.75	3,063,918.75
03/12/2020	4,455,000	3,063,918.75	7,518,918.75
09/12/2020	--	2,981,318.75	2,981,318.75
03/12/2021	4,620,000	2,981,318.75	7,601,318.75
09/12/2021	--	2,865,818.75	2,865,818.75
03/12/2022	4,850,000	2,865,818.75	7,715,818.75
09/12/2022	--	2,788,818.75	2,788,818.75
03/12/2023	5,005,000	2,788,818.75	7,793,818.75
09/12/2023	--	2,688,718.75	2,688,718.75
03/12/2024	5,205,000	2,688,718.75	7,893,718.75
09/12/2024	--	2,606,493.75	2,606,493.75
03/12/2025	5,365,000	2,606,493.75	7,971,493.75
09/12/2025	--	2,499,193.75	2,499,193.75
03/12/2026	5,580,000	2,499,193.75	8,079,193.75
09/12/2026	--	2,402,593.75	2,402,593.75
03/12/2027	5,770,000	2,402,593.75	8,172,593.75
09/12/2027	--	2,287,193.75	2,287,193.75
03/12/2028	6,000,000	2,287,193.75	8,287,193.75
09/12/2028	--	2,167,193.75	2,167,193.75
03/12/2029	6,240,000	2,167,193.75	8,407,193.75
09/12/2029	--	2,042,393.75	2,042,393.75
03/12/2030	6,485,000	2,042,393.75	8,527,393.75
09/12/2030	--	1,912,693.75	1,912,693.75
03/12/2031	6,745,000	1,912,693.75	8,657,693.75
09/12/2031	--	1,777,793.75	1,777,793.75
03/12/2032	7,010,000	1,777,793.75	8,787,793.75
09/12/2032	--	1,637,593.75	1,637,593.75
03/12/2033	35,370,000	1,637,593.75	37,007,593.75
09/12/2033	--	1,062,831.25	1,062,831.25
03/12/2034	32,180,000	1,062,831.25	33,242,831.25
09/12/2034	--	539,906.25	539,906.25
03/12/2035	33,225,000	539,906.25	33,764,906.25
Total	$195,965,000	$112,287,881.56	$308,252,881.56

EXHIBIT C

TRUSTEE'S FEES AND EXPENSES

ZIONS BANK®
CORPORATE TRUST SERVICES

December 6, 2012
STATE OF COLORADO
BUILDING EXCELLENT SCHOOLS TODAY SERIES 2012H

We are pleased to set forth the following fee schedule for Trustee services related to the above-referenced financing:

Fee Schedule

Acceptance Fee $4,000.00
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 $4,500.00
Covering ordinary administrative duties of the Trustee, Paying Agent and Registrar as set forth in the governing documents so long as no default exists. The annual Trustee fee is payable in advance.

Initial Trustee Counsel Fee. ..... Waived
Covering the trustee counsel's study and consideration of the governing documents and issuance of a trustee opinion.

Paying Agent and Registrar Fees ..... Included in Annual Trustee Fee

Out of Pocket Expenses ..... At Cost
We will not charge for customary expenses incurred in the ordinary administration of accounts but will bill at cost for DTC charges, UCC set-up/continuation/termination fees and non-routine costs such as travel, publication, and legal costs incurred as required or authorized during the acceptance and administration of the trust. Overnight delivery charges will be billed at $15/minimum or at cost if over $15.00.

The aforementioned fees will cover normal services contemplated by such documents and are subject to change as circumstances may warrant. In the event of unusual complexities and special or extraordinary events, such as amendments to the documents, execution of additional documents or agreements, significant transaction increases, the necessity to hire agents, defaults or other miscellaneous requests for additional services, we reserve the right to charge an additional amount based on the time and expenses incurred in handling such events should they occur.

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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
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 December 6, 2012

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EXHIBIT A LEGAL DESCRIPTION OF LAND INCLUDED IN LEASED PROPERTY

STATE OF COLORADO
BUILDING EXCELLENT SCHOOLS TODAY
SITE LEASE OF _____

This State of Colorado Building Excellent Schools Today Site Lease (this "Site Lease") is dated as of December 6, 2012 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 has been amended, supplemented and restated by the Glossary attached to the State of Colorado Building Excellent Schools Today Series 2012H Supplemental Trust Indenture dated December 6, 2012 and as it may further 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 applicable law, its governing documents, if relevant, and action of its Governing Body 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 2012H 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 Sublessee identified in the Sublease under which the Leased Property is subleased to such Sublessee. Proceeds of the Series 2012H Certificates issued pursuant to the Indenture will be used to finance the Project of such 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 a Participating K-12 Institution or is the Chartering Authority for a Participating K-12 Institution that is a charter school.

(b) The Site Lessor is duly organized, validly existing and in good standing under Colorado law. The Site Lessor is authorized under applicable law, its governing documents, if relevant, and action of its Governing Body to lease the Leased Property to the Trustee pursuant to this Site Lease and to execute, deliver and perform its obligations under this Site Lease.

(c) The Site Lessor is the owner of the fee interest in the Leased Property, subject only to Permitted Encumbrances.

(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 of 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 2012H Lease, the Indenture and the Sublease pursuant to which the Leased Property is subleased to the Site Lessor or to a charter school for which the Site Lessor is the Chartering Authority, 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 or a Participating K-12 Institution for which the Site Lessor is the Chartering Authority. 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 and accepts full responsibility for any prior or future violations of any Requirement of Law relating to environmental issues relating to the Leased Property.

(j) Minor defects, irregularities, encumbrances and clouds on title as normally exist with respect to property of the general character of the Leased Property that exist with respect to the Leased Property do not materially impair title 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) December 6, 2056;

(ii) conveyance of the Leased Property to the Site Lessor pursuant to the Sublease relating to the Leased Property;

(iii) termination of this Site Lease following an Event of Default under this Site Lease in accordance with Section 10.02(a) hereof; or

(iv) cancellation of the Sublease pursuant to which the Leased Property is subleased pursuant to Section 3.03 of such Sublease.

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.

ARTICLE IV

SITE LESSOR IS THIRD PARTY BENEFICIARY OF CERTAIN COVENANTS OF STATE IN 2012H 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(b) and 12.02 and of the Trustee in Section 9.03(a) of the 2012H Lease (the "Site Lessor Protection Provisions"). If the 2012H 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 2012H Certificates into the Project Account held by the Trustee under the Indenture to finance the Project of the Site Lessor or a charter school for which the Site Lessor is the Chartering Authority. 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 2012H Lease or an amount equal to the Additional Rent that would have been paid under the 2012H 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 2012H Lease and the Sublease of the Site Lessor or a charter school for which the Site Lessor is the Chartering Authority.

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 2012H 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 2012H Lease. The State is expressly authorized to sublease the Leased Property to the Site Lessor or a charter school for which the Site Lessor is the Chartering Authority as Sublessee pursuant to a 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 2012H Lease and the Indenture following an Event of Default or Event of Nonappropriation under the 2012H Lease.

Section 6.05. Substitution of Other Property for Leased Property. If the State substitutes other real property under the 2012H Lease for any portion of the Site Lessor's Leased Property, the property so substituted under the 2012H 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 2012H 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 2012H Lease has not terminated, the terms of Section 7.08 of the 2012H Lease shall apply. In the event the Site Lessor brings an eminent domain or condemnation proceeding with respect to the Leased Property and the Sublease pursuant to which the Leased Property is subleased to the Site Lessor or a charter school for which the Site Lessor is the Chartering Authority has not terminated, the terms of Section 8.08 of such Sublease shall apply. If (a) the 2012H Lease or the Sublease pursuant to which the Leased Property is subleased to the Site Lessor or a charter school for which the Site Lessor is the Chartering Authority 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 Sublease pursuant to which the Leased Property is subleased to the Site Lessor or a charter school for which the Site Lessor is the Chartering Authority.

Section 6.08. Personal Property of Trustee, State and Others. The Trustee, the State, the Sublessee and any other Person who has the right to use the Leased Property under this Site Lease, the 2012H Lease or the Sublease pursuant to which the Leased Property is subleased to the Site Lessor or a charter school for which the Site Lessor is the Chartering Authority, 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 2012H Lease, the State has agreed to reimburse the Trustee for such costs during the Lease Term of the 2012H Lease. Pursuant to the Sublease pursuant to which the Leased Property is subleased to the Site Lessor or a charter school for which the Site Lessor is the Chartering Authority, the Sublessee under such Sublease, has agreed to reimburse the State for such costs during the Sublease Term of such Sublease. If, (a) the 2012H 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 the 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 the 2012H 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 purchase option of the Sublessee under the Sublease pursuant to which the Leased Property is subleased to the Site Lessor or a charter school for which the Site Lessor is the Chartering Authority;

(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.

Section 11.03. Conveyance of Leased Property to State Pursuant to 2012H Lease. The parties recognize and agree that, notwithstanding any other provision of this Site Lease, the 2012H Lease or any Sublease, upon conveyance of all the Leased Property subject to the 2012H Lease by the Trustee to the State pursuant to Article VIII of the 2012H Lease and conveyance of the Leased Property subject to this Site Lease by the State to the Sublessee pursuant Section 9.03 of the Sublease applicable to such Leased Property: (a) if the Site Lessor under this Site Lease and the Sublessee under such Sublease are the same, this Site Lease shall terminate; and (b) if the Site Lessor under this Site Lease and the Sublessee are not the same, this Site Lease shall continue with the Sublessee succeeding to the rights and obligations of the Trustee under this Site Lease.

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 2012H Lease and the Sublessee under the Sublease pursuant to which the Leased Property is subleased to the Site Lessor or a charter school for which the Site Lessor is the Chartering Authority, 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 applicable to governmental entities, subject to statutory exceptions and modifications, 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 2012H Lease and Sublease. The Trustee has received a copy of, and acknowledges the terms of, the 2012H Lease and the Sublease pursuant to which the Leased Property is subleased to the Site Lessor or a charter school for which the Site Lessor is the Chartering Authority.

Section 12.04. Trustee, State and Site Lessor 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 Site Lessor Representative and the Trustee, the State and the Site Lessor shall be authorized to act on any such approval or request. The Site Lessor Representative is the _____ of the Site Lessor or any Person appointed as Site Lessor Representative by such Person.

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 850, Denver, Colorado 80202, Attention: Corporate Trust Services, facsimile number: 855-547-6178, electronic mail address: denvercorporatetrust@zionsbank.com; and if to the State, to Colorado State Treasurer, 140 State Capitol, 200 E. Colfax Ave., Denver, CO 80203, Attention: Deputy State Treasurer, facsimile number: 303-866-2123, electronic mail address: brett.j.johnson@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, Modifications and Release. Except as otherwise provided herein or in the Indenture, this Site Lease may only be amended, changed, modified, altered or released 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 or release of this Site Lease proposed by the State upon delivery to the Trustee of an opinion of Bond Counsel stating that such amendment or release 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 State, the Site Lessor, the Trustee and any Sublessee that leases the Leased Property intend that the legal doctrine of merger shall have no application to this Site Lease, the 2012H Lease or the Sublease pursuant to which the Leased Property is subleased to the Site Lessor or a charter school for which the Site Lessor is the Chartering Authority and that none of the execution and delivery of this Site Lease by the Site Lessor and the Trustee, the 2012H Lease by the Trustee and the State or such Sublease by the State and the Sublessee or the exercise of any remedies by any party under this Site Lease, the 2012H Lease or such Sublease shall operate to terminate or extinguish this Site Lease, the 2012H Lease or such 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 _____.

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

[DISTRICT SEAL]

[_____]

By _____
Title:_____

ATTEST:

By _____
Secretary

[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 December, 2012 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.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this ___ day of December, 2012, by _____, as _____ 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]

(THIS PAGE INTENTIONALLY LEFT BLANK)

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 the Sublessee

[and

[if Sublessee is a charter school, insert name of Chartering Authority],
as the Sublessee's Chartering Authority]

Dated as of December 6, 2012

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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 sublessee] (this "Sublease") is dated as of December 6, 2012 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] _____, as sublessee (the "Sublessee") [, and _____, as the Sublessee's Chartering Authority]. ***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 has been amended, supplemented and restated by the Glossary attached to the State of Colorado Building Excellent Schools Today Series 2012H Supplemental Trust Indenture dated December 6, 2012 and as it may further be amended, supplemented and restated from time to time***.

RECITALS

A. The Sublessee or the Sublessee's Chartering Authority 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 2012H Lease.

B. The State, acting by and through the State Treasurer on the instructions of the Assistance Board set forth in Assistance Board Resolution No. 12-1 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 is authorized by applicable law, its governing documents, if relevant, and action of its Governing Body to, and will, sublease the Leased Property from the State pursuant to this Sublease.

C. To satisfy the Sublessee's obligation to pay Matching Moneys to the State with respect to the Sublessee's Project, the Sublessee, in accordance with Article V hereof, has delivered a Matching Moneys Bond or agreed to pay cash, Matching Moneys Installment Payments or Base Rent to the State.

D. Proceeds of the 2012H 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, 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 Assistance Board Resolution No. 12-1.

(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 2012H 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 and is duly organized, validly existing and in good standing under Colorado law. The Sublessee is authorized under applicable law, its governing documents, if relevant, and action of its Governing Body to sublease the Leased Property from the State pursuant to this Sublease and to execute, deliver and perform its obligations under this Sublease and, if applicable, the 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 and, if applicable, 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 and, if applicable, the Sublessee's Matching Moneys Bond.

(e) This Sublease and, if applicable, 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 and, if applicable, 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 2012H Lease, the Indenture, this Sublease or the Site Lease pursuant to which the Leased Property is leased to the Trustee or, if applicable, the Sublessee's Matching Moneys Bond 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 or, if applicable, 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 2012H Lease in each Fiscal Year during the Lease Term of the 2012H 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 Rent payable by the Sublessee under this Sublease and, as applicable, the principal, premium, if any, and interest payable by the Sublessee under its Matching Moneys Bond or the Matching Moneys Installment Payments payable by the Sublessee in each Fiscal Year during the Sublease Term is not more than the fair value of the use of the Sublessee's Leased Property during such Fiscal Year and 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 9.01 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 and accepts full responsibility for any prior or future violations of any Requirement of Law relating to environmental issues 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 in the current Fiscal Year and, as applicable, the Base Rent, the principal and interest payable under its Matching Moneys Bond or the Matching Moneys Installment Payments payable in the current Fiscal Year.

(n) The certifications, representations and agreements with respect to federal income tax matters set forth in the Tax Compliance Certificate executed and delivered by the Sublessee in connection with the execution and delivery of this Sublease are hereby incorporated in this Sublease as if set forth in full in this subsection.

(o) The Sublessee has not, except as otherwise specifically provided herein, entered into any agreement or arrangement to transfer to any Person all or any portion of

its interest in the Leased Property or to any fee title that it may obtain in the real estate to which the Leased Property relates.

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 2012H Lease in the land described in Exhibit A 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 2012H 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 12.02(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;

(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 2012H Lease as a result of an Event of Nonappropriation or an Event of Default under the 2012H 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 Base Rent, if applicable, and 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 Base Rent, if applicable, to the State and Additional Rent to the Person entitled thereto; and

(c) the obligations of the Sublessee to make payments under the Sublessee's Matching Moneys Bond or Matching Money Installment Payments, as applicable, shall continue until, as applicable, all amounts payable under the Sublessee's Matching Moneys Bond have been paid or the Sublessee's Matching Moneys Bond is redeemed or cancelled in accordance with its terms or all Matching Moneys Installment Payments have been paid.

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 December 6, 2013, (a) the Trustee has not received the title insurance policy for the Leased Property described in paragraph 1 of the form of Requisition attached as Appendix B to the 2012H Supplemental Indenture (which amends and restates in its entirety the form of Requisition attached to Appendix A to the Master Indenture) and (b) the 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 B to the 2012H Supplemental Indenture (which amends and restates in its entirety the form of Requisition attached to 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 cause the Trustee to cancel and release the Site Lease pursuant to which the Leased Property has been leased to the Trustee and the State shall return to the Sublessee any Matching Moneys paid to the State (including any principal or interest paid on the Sublessee's Matching Money's Bond) and cancel and return to the Sublessee the Sublessee's Matching Moneys Bond.

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 the Specifications attached hereto as Exhibit B, with such changes in the Specifications, if any, that 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 7.01 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 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, each of 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 7.01 hereof or, if Section 7.01 does not

apply because the property improved by the Project is not included in the Leased Property, until the Project is completed, standard, all risk of loss builder's risk completed value insurance upon property included in or that is imposed by the Project. 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 its own cost and expense, during such Contractor's Project Contract, standard form comprehensive general public liability and property damage insurance that covers all claims for bodily injury, including death, and claims for destruction of or damage to the property (other than the Work itself), arising out of or in connection with any operations under the Contractor's Project Contract, whether such operations be by the Contractor or by a subcontractor. The insurance shall include the limits and coverage specified for the State of Colorado, Office of the State Architect, State Buildings Programs. Such policies shall include the State and the Trustee as additional insureds and shall include a provision prohibiting cancellation, termination or alteration except pursuant to the policy. 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 its 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 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 property improved by the Project 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.

(a) The Sublessee, with the approval of the State, may withdraw available money from the Sublessee's Project Account in an amount up to the proceeds of the Series 2012H 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 B to the 2012H Supplemental Indenture (which amends and restates in its entirety the form of Requisition attached to Appendix A to the Master Indenture), signed by the Sublessee Representative and with the State's approval evidenced by the signature of the State Representative. If more than one Project Account has been established pursuant to the Indenture to pay Costs of the Sublessee's Project, the term Project Account in this subsection shall include all such Project Accounts and moneys shall be withdrawn from such Project Accounts pursuant to this subsection in the order provided in the Indenture.

(b) If the Sublessee has satisfied its obligation to pay Matching Moneys with respect to its Project by delivering a cash payment and if Exhibit D hereto states that a specified amount of money in the Assistance Fund will be available to pay a portion of the Costs of the Sublessee's Project, after the Sublessee has withdrawn all moneys that it may withdraw from the Sublessee's Project Account pursuant to subsection (a) of this Section, the Sublessee, with the approval of the State, may withdraw money from the Assistance Fund in an amount up to the amount specified in Exhibit D hereto to pay, or reimburse the Sublessee for the payment by Sublessee of, Costs of the Sublessee's Project by delivering to the Assistance Board a Requisition in the form of Exhibit E hereto, signed by the Sublessee Representative and with the State's approval evidenced by the signature of the State Representative.

(c) Upon and effective on each date a Requisition is signed and delivered to the Trustee pursuant to subsection (a) of this Section or to the Assistance Board pursuant to subsection (b) of this Section, the representations of the Sublessee set forth in such Requisition 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 moneys that may be withdrawn from the Sublessee's Project Account and the Assistance Fund pursuant to Section 4.10 hereof from sources other than money withdrawn from the Sublessee's Project Account and the Assistance Fund pursuant to Section 4.10 hereof. If the Costs of the Project are less than the amount of the moneys that may be withdrawn from the Sublessee's Project Account and the Assistance Fund pursuant to Section 4.10 hereof (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 return of a portion of any cash payment of Matching Moneys or forgiveness of a portion of the Base Rent that would otherwise be payable hereunder, principal, premium, if any, and interest that would otherwise be due on the Sublessee's Matching Moneys Bond or Matching Moneys Installment Payments that would otherwise be payable hereunder, as applicable.

Section 4.12. Compliance with Tax Certificate. The Sublessee shall comply with the provisions of the Tax Compliance Certificate executed and delivered by the Sublessee in connection with the execution and delivery of this Sublease that are applicable to the construction of the Project, including but not limited to, if the Tax Compliance Certificate provides that such standards are applicable to the Sublessee's Project, 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 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

MATCHING MONEYS

Section 5.01. Sublessee's Obligation to Pay Matching Moneys. Certain information regarding the Sublessee's obligation to pay Matching Moneys with respect to its Project is set forth in Exhibit D hereto.

(a) ***No Matching Moneys***. If Exhibit D hereto provides that there are no Matching Moneys, the Sublessee is not obligated to pay Matching Moneys with respect to its Project.

(b) ***Cash Payment***. If Exhibit D hereto provides that the source of Matching Moneys is a cash payment, the Sublessee has satisfied its obligation to pay Matching Moneys by paying cash to the State on the date this Sublease is executed and delivered. If Exhibit D states that a specified amount of money in the Assistance Fund will be available to pay a portion of the Costs of the Sublessee's Project, the Sublessee shall be authorized to withdraw money, up to the amount specified in Exhibit D hereto, to pay Costs of the Sublessee's Project in accordance with, and subject to the terms of Section 4.10(b) hereof.

(c) ***Base Rent***. If Exhibit D hereto provides that the source of Matching Moneys is Base Rent, the Sublessee shall, subject only to the provisions of Article VI hereof, pay Base Rent to the State during the Lease Term in immediately available funds in the amounts and on the Base Rent Payment Dates set forth in Exhibit D hereto.

(d) ***Matching Moneys Bond***. If Exhibit D hereto provides that the source of Matching Moneys is a Matching Moneys Bond, the Sublessee has satisfied its obligation to pay Matching Moneys with respect to its Project by issuing and delivering to the State the Sublessee's Matching Moneys Bond on the date this Sublease is executed.

(e) ***Matching Moneys Installment Payments***. If Exhibit D hereto provides that the source of Matching Moneys is Matching Moneys Installment Payments, the Sublessee shall make cash payments in immediately available funds to the State in the amounts, on the payment dates and from the sources set forth in Exhibit D hereto. Notwithstanding any other provision hereof, the obligation of a Sublessee to pay a Matching Moneys Installment Payment in any Fiscal Year beyond the Sublessee's current Fiscal Year is subject to appropriation of such Matching Moneys Payment by the Governing Body of such Sublessee. The officer of the Sublessee who is responsible for

formulating budget proposals with respect to Matching Moneys Installment Payments is hereby directed to include as a line item in each annual budget proposal submitted to the Governing Body of the Sublessee for any Fiscal Year in which an Matching Moneys Installment Payment is payable the entire amount of the Matching Moneys Installment Payment payable during such Fiscal Year; it being the intention of the Sublessee that any decision to pay or not to pay such Matching Moneys Installment Payment shall be made solely by the Governing Body of the Sublessee, in its sole discretion, and not by any department, agency or official of the Sublessee. If the Sublessee intends to fund its Matching Moneys Installment Payments from the proceeds of a grant, the Governing Body of the Sublessee agrees to use its best efforts to comply with the terms of the grant and to pay all proceeds of the grant when received by the Sublessee.

(f) ***Special Arrangements***. Any special arrangement regarding the Sublessee's Matching Moneys that does not fit the categories described in subsections (a) through (e) of this Section shall be described in Exhibit D hereto.

(g) ***More Than One Source***. If Exhibit D hereto provides that there is more than one source of Matching Moneys, the provisions hereof regarding the payment of Matching Moneys shall apply to each such source separately.

Section 5.02. Obligations and Rights with respect to Matching Moneys Bond and Matching Moneys Installment Payments Independent of Sublease. The obligations of the Sublessee and the rights of the State with respect to the Sublessee's Matching Moneys Bond or the Sublessee's Matching Moneys Installment Payments, as applicable, are independent of the obligations of the Sublessee and the rights of the State under this Sublease and, except as otherwise specifically provided herein, (a) the obligations of the Sublessee and the rights of the State with respect to the Sublessee's Matching Moneys Bond or the Sublessee's Matching Moneys Installment Payments, as applicable, 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 to make payments under the Sublessee's Matching Moneys Bond or to pay its Matching Moneys Installment Payments, as applicable.

Section 5.03. Use of Matching Moneys. The State shall deposit Matching Moneys it receives into the Assistance Fund.

Section 5.04. References to Cash Payments of Matching Moneys, Base Rent, Matching Moneys Bonds, and Matching Moneys Installment Payments. The State has entered into many, and in the future will enter into many more, subleases similar to this Sublease pursuant to which the sublessees will satisfy their obligations to pay Matching Moneys in a variety of ways. In order to assist the State in administering such subleases, the subleases have been drafted to be as uniform as practicable, including the inclusion of references to cash payments of Matching Moneys that are not applicable to the Sublessee if it is not satisfying its obligations to pay Matching Moneys by making cash payments, references to Base Rent that are not applicable to the Sublessee if the Sublessee is not satisfying its obligation to pay Matching Moneys by paying Base Rent, references to Matching Moneys Bonds that are not applicable to the Sublessee if the Sublessee is not satisfying its obligation to pay Matching Moneys by

delivering a Matching Moneys Bond and references to Matching Moneys Installment Payments that are not applicable to the Sublessee if the Sublessee is not satisfying its obligation to pay Matching Moneys by paying Matching Moneys Installment Payments. In applying the terms of this Sublease to the Sublessee, (a) references to cash payments of Matching Moneys apply to the Sublessee only if the Sublessee is satisfying its obligation to pay Matching Moneys by making a cash payment, (b) references to Base Rent apply to the Sublessee only if the Sublessee is satisfying its obligation to pay Matching Moneys by paying Base Rent, (c) references to Matching Moneys Bonds apply to the Sublessee only if the Sublessee is satisfying its obligation to pay Matching Moneys by delivering a Matching Moneys Bond and (d) references to Matching Moneys Installment Payments apply to the Sublessee only if the Sublessee is satisfying its obligation to pay Matching Moneys by paying Matching Moneys Installment Payments.

ARTICLE VI

RENT; EVENT OF NONAPPROPRIATION

Section 6.01. Base Rent. If the Sublessee is satisfying its obligation to pay Matching Moneys by paying Base Rent, the Sublessee shall, subject only to the other Sections of this Article, pay Base Rent to the State during the Lease Term in immediately available funds in the amounts and on the Base Rent Payment Dates set forth in Exhibit D hereto.

Section 6.02. Additional Rent. Regardless of the manner in which the Sublessee is satisfying its obligation to pay Matching Moneys, the Sublessee shall, subject only to 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 that specifically relates to the Leased Property subject to the Sublease directly to the Person or 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 Participating K-12 Institutions, 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 Participating K-12 Institutions, 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 to the State pursuant hereto will not be significant.

Section 6.03. Unconditional Obligations. The obligation of the Sublessee to pay Base Rent, if applicable, during the Sublease Term shall, subject only to the other Sections of this Article, and the obligation of the Sublessee to pay Additional Rent during the Sublease Term shall, subject only to the other Sections of this Article, including, without limitation, Sections 6.04 and 6.05 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 Rent when due; the Sublessee shall not withhold any 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 Rent, provided, however, that the payment of any 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 Rent during the Sublease Term.

Section 6.04. Event of Nonappropriation.

(a) The officer of the Sublessee who is responsible for formulating budget proposals with respect to payments 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 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 Base Rent scheduled to be paid and 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 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 1 of the next ensuing Fiscal Year, (i) the Governing Body of the Sublessee has appropriated or otherwise authorized the expenditure of 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 authorization.

(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 or expenditure authorization measures relating to 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 6.05. Limitations on Obligations of Sublessee.

(a) The obligation of the Sublessee to pay (i) Rent hereunder and (ii) all other payments by the Sublessee hereunder except cash Matching Moneys payments (which must be paid on the date this Sublease is executed and delivered) and amounts payable pursuant to any Matching Money Bond (which are debt of the Sublessee) shall constitute currently appropriated expenditures of the Sublessee. All obligations of the Sublessee under this Sublease (except obligations to pay cash Matching Moneys payments and amounts payable pursuant to any Matching Moneys Bond) 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 Rent and Matching Moneys Installment Payments and such other obligations (except cash Matching Moneys payments and amounts payable pursuant to any Matching Money Bond) 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 of 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 such obligation of the Sublessee under this Sublease shall be the Leased Property.

(b) All of the Sublessee's obligations under this Sublease (except cash Matching Moneys payments and amounts payable pursuant to any Matching Moneys Bond) 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 IX hereof.

Section 6.06. No Right to Compel Payment of Rent or Matching Moneys by State or another Participating K-12 Institution. The Sublessee shall have no right to compel the State or any other Participating K-12 Institution to pay any Rent under any Lease or Rent, Matching Moneys or Matching Moneys Installment Payments under any Sublease or to pay the principal of, premium, if any, and interest on any Matching Moneys Bond and neither the State nor any such other Participating K-12 Institution 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 Participating K-12 Institution to pay such other Participating K-12 Institution's Rent, Matching Moneys or Matching Moneys Installment Payments under any such other Sublease or principal, premium, if any, or interest on its Matching Moneys Bond for any reason.

ARTICLE VII

OPERATION, MAINTENANCE AND INSURANCE OF LEASED PROPERTY

Section 7.01. 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 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 property of 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 property of the Sublessee is not covered by the Colorado School Districts Self Insurance Pool, the self-insurance program may, with the State's consent, 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 7.02. 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 8.05 and 8.07 hereof.

Section 7.03. 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 VIII

TITLE TO LEASED PROPERTY; ENCUMBRANCES, EASEMENTS, MODIFICATIONS, SUBSTITUTION, DAMAGE, PERSONAL PROPERTY

Section 8.01. Title to Leased Property. Title to the leasehold estate in the Leased Property under the 2012H Lease shall be held in the name of the State, subject to the Site Lease pursuant to which the Leased Property is leased to the Trustee, the 2012H 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 8.02. Limitations on Disposition of and Encumbrances on Leased Property.

(a) Except as otherwise permitted in this Article or Article X or XI 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 8.03. 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 2012H 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 2012H 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 8.04. 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 10.04 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 8.05. 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 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 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 improvements shall not exceed 10% of the sum of the proceeds of the Series 2012H 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 improvements, shall continue to be used as provided in, and shall otherwise be subject to the terms of, this Sublease.

Section 8.06. 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 2012H 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 B to the 2012H Supplemental 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 2012H 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 2012H Lease, will not cause the Sublessee to violate its tax covenant set forth in Section 10.04 hereof and will not cause the State to violate its tax covenant set forth in Section 9.04 of the 2012H Lease.

Section 8.07. 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 VI 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 8.06 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 8.08. 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 8.09. 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 IX

SUBLESSEE'S PURCHASE OPTION; CONVEYANCE TO SUBLESSEE UPON CONVEYANCE TO STATE

Section 9.01. 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 2012H Lease by paying to the Trustee the "Sublessee's Purchase Option Price," which is an amount equal to (i) 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 (ii) all Additional Rent payable through the date of conveyance of such Leased Property to the Sublessee pursuant to Section 9.02 hereof, 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 2012H Certificates determined by multiplying the principal amount of all the Outstanding Series 2012H Certificates by a fraction, the numerator of which is the sum of the proceeds of the Series 2012H 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 2012H Certificates and the Allocated Investment Earnings deposited into the Project Accounts of all 2012H Sublessees; and (ii) which principal amount shall be allocated among the maturities of the Outstanding Series 2012H Certificates in proportion to the principal amount of each maturity of the Outstanding Series 2012H Certificates, rounded to the nearest $5,000 in principal amount of each such maturity. Notwithstanding the preceding sentence, if any portion of the Series 2012H 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 2012H Certificates shall be substituted for the Series 2012H Certificates that were paid, redeemed or defeased. The rounding pursuant to 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 2012H Lease has occurred (A) stating that the Sublessee intends to purchase the Leased Property pursuant to this Section, (B) identifying the Person to which the Leased Property is to be conveyed, (C) identifying the source of funds it will use to pay Sublessee's Purchase Option Price and (D) 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 Sublessee's obligation to pay, as applicable, Base Rent, principal of, premium, if any, and interest on its Matching Moneys Bond or Matching Moneys Installment Payments shall terminate and, if the Sublessee has delivered a Matching Moneys Bond, the State shall cancel such Matching Moneys Bond or return it to the Sublessee, as directed by the Sublessee.

Section 9.02. Conveyance of Leased Property. At the closing of any purchase of the Leased Property pursuant to Section 9.01 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 interest in the Leased Property that was conveyed to the Trustee by the Site

Lessor under its Site Lease to the Trustee, subject only to the following: (i) Permitted Encumbrances, other than this Sublease, the 2012H 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 2012H 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 2012H Lease, the Indenture, the Site Lease pursuant to which the Leased Property was leased to the Trustee; (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 9.03. 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 2012H Lease, the State shall assign, transfer and convey its ownership interest in the Leased Property to the Sublessee or its designee in the manner described in, and subject to the provisions of, Section 9.02 hereof without any additional payment by the Sublessee. Such conveyance of the State's ownership interest in the Leased Property 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 pursuant to the terms of its Matching Moneys Bond or to pay its Matching Money Installment Payments hereunder.

ARTICLE X

GENERAL COVENANTS

Section 10.01. 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 10.02. 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 10.03. 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 Site Lease pursuant to which the Leased Property was leased to the Trustee.

(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 2012H 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 Site Lease pursuant to which the Leased Property was leased to the Trustee, the 2012H 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 10.04. 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 the Tax Compliance Certificate executed and delivered by the Sublessee in connection with the execution of this Sublease. The

Sublessee acknowledges that the State, in the 2012H Lease, has agreed to enforce the covenant of the Sublessee set forth in this Section against the Sublessee.

Section 10.05. 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 6.02 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 2012H 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 9.06 of the 2012H 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 10.06. 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 XI

LIMITS ON OBLIGATIONS OF STATE

Section 11.01. 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 11.02. Financial Obligations of State Limited to Sublessee's Project Account and Specified Amounts from the Assistance Fund. Notwithstanding any other provision hereof, all financial obligations of the State under this Sublease are limited to the Sublessee's Project Account and the specified amount of money in the Assistance Fund that is available to pay a portion of the Costs of the Sublessee's Project in accordance with Section 4.10 hereof.

ARTICLE XII

EVENTS OF DEFAULT AND REMEDIES

Section 12.01. Events of Default Defined.

(a) Any of the following shall constitute an "Event of Default" under this Sublease, subject to Section 14.22 hereof:

(i) failure by the Sublessee to pay, as applicable, any specifically appropriated Base Rent to the State on or before the applicable Base Rent Payment Date, any principal of, premium, if any, or interest on its Matching Moneys Bond when due or any Matching Moneys Installment Payment 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 2012H Lease as a result of an Event of Nonappropriation or Event of Default under the 2012H 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 13.01 hereof or any succession to all or any portion of the interest of the Sublessee in the Leased Property in violation of Section 13.02 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 other instrument related hereto or thereto (including but not limited to the Tax Compliance Certificate executed or issued in connection with this Sublease), 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, as applicable, principal of, premium, if any, and interest on its Matching Moneys Bond and its Matching Money Installment Payments 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 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 money, 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 or with respect to its Matching Moneys Installment Payments.

Section 12.02. 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) the portion of Rent payable pursuant to Section 3.02(b)(ii) hereof;

(ii) all amounts due under the Sublessee's Matching Moneys Bond in accordance with the terms of the Sublessee's Matching Moneys Bond; and the portion of any Base Rent or Matching Moneys Installment Payments payable by the Sublessee for the then current Fiscal Year that has been specifically appropriated by the Sublessee's Governing Body, regardless of when the Sublessee 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 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 XIII 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 6.05 and 12.03 hereof.

Section 12.03. 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 12.02(c) hereof.

Section 12.04. No Remedy Exclusive. Subject to Section 12.03 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 12.05. 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 XIII

TRANSFERS OF INTERESTS IN SUBLEASE OR LEASED PROPERTY

Section 13.01. 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 13.02 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 13.02. Transfer After Conveyance of Leased Property to Sublessee. Notwithstanding Section 13.01 hereof, the Sublessee may, with the Site Lessor's prior written consent, transfer its leasehold 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 IX hereof.

ARTICLE XIV

MISCELLANEOUS

Section 14.01. 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 XIII 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 14.02. 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 applicable to governmental entities, subject to statutory exceptions and modifications, 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 14.03. Acknowledgement of and Subordination to 2012H Lease and Indenture. The Sublessee has received copies of, and acknowledges the terms of, the 2012H 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 2012H Lease and the Indenture.

Section 14.04. 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 for 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 Sublessee or any Person appointed as Sublessee Representative by such Person.

Section 14.05. 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, 200 E. Colfax Ave., Denver, CO 80203, Attention: Deputy State Treasurer, facsimile number: 303-866-2123, electronic mail address: brett.j.johnson@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 850, Denver, Colorado 80202, Attention: Corporate Trust Services, facsimile number: 855-547-6178, electronic mail address: denvercorporatetrust@zionsbank.com; [and] if to the Sublessee, to _____, Attention: _____, facsimile number: _____, electronic mail address: _____[; and, if to the Sublessee's Chartering Authority, _____, 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 14.06. 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 14.07. 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 14.08. 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 2012H 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 Moneys Bonds, the Certificates, the Indenture or any matter related thereto.

Section 14.09. 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 14.10. 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 14.11. Merger. The State, the Trustee, the Site Lessor of the Leased Property and the Sublessee intend that the legal doctrine of merger shall have no application to this Sublease, the 2012H Lease or the Site Lease pursuant to which the Leased Property is leased to the Trustee by the Sublessee or the Sublessee's Chartering Authority and that none of the execution and delivery of this Sublease by the State and the Sublessee, the 2012H Lease by the Trustee and the State or such Site Lease by the Site Lessor and the Trustee or the exercise of any remedies by any party under this Sublease, the 2012H Lease or such Site Lease shall operate to terminate or extinguish this Sublease, the 2012H Lease or Site Lease.

Section 14.12. 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 14.13. 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 14.14. 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 14.15. 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 14.16. 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 14.17. 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 14.18. 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 loans due to the Student Loan Division of the Department of Higher Education; (d) amounts required to be paid to the Unemployment Compensation Fund; and (e) other unpaid debts certified by the State Controller as owing to the State as a result of final agency determination or judicial action.

Section 14.19. 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 14.20. Accounting Allocation of State's Base Rent. Exhibit C hereto allocates the Base Rent payments of the State under the 2012H Lease among the 2012H Sublessees for accounting purposes. Exhibit C 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 2012H Lease, the Indenture or the Site Lease or for any other purpose.

Section 14.21. 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 14.05 and 14.07 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.

Section 14.22. Rights and Obligations of Sublessee's Chartering Authority. Notwithstanding any other provision of this Sublease, if the Sublessee's Chartering Authority is a party to this Sublease:

(a) The Sublessee's Chartering Authority is a party to this Sublease solely for purposes of this Section.

(b) If (i) the Sublessee's Charter is terminated or expires for any reason, (ii) the Sublessee attempts, without the written consent of the State and the Sublessee's Chartering Authority, to transfer all or any portion of its interest in, to sublease or to grant the right to use the Leased Property to any other Person other than the Sublessee's Chartering Authority (except for a right to use that does not interfere with the operation of the Leased Property as a charter school in accordance with the Sublessee's Charter) or (iii) the Sublessee fails to use the Leased Property as a charter school in accordance with its Charter, then, automatically, without any further action by any Person, all the

rights and obligations of the Sublessee under this Sublease and to the Leased Property shall terminate and the Sublessee's Chartering Authority shall succeed to all the rights and obligations of the Sublessee under this Sublease and to the Leased Property. If any such event occurs, the Sublessee and the Sublessee's Chartering Authority shall immediately deliver written notice to the State and the Trustee and the Sublessee, the Sublessee's Chartering Authority, the State and the Trustee shall take all actions reasonably requested by any of them to evidence such termination and succession, but a failure to deliver any such notice or take any such action shall not effect the operation of the first sentence of this subsection.

(c) If an Event of Default or Event of Nonappropriation under the 2012H Lease has occurred and the Sublessee has not delivered the notice required to be delivered to the Trustee and the State under Section 9.01(b)(i) hereof or the Sublessee has delivered such notice but has failed to pay the Sublessee's Purchase Option Price on the closing date pursuant to Section 9.01 hereof, the State shall notify the Sublessee's Chartering Authority and the Sublessee's Chartering Authority shall have the option to purchase the Leased Property in accordance with Section 9.01 hereof; provided that the Site Lessor shall have an additional 15 Business Days after delivery of the notice from the State to deliver a notice to the Trustee and the State in accordance with Section 9.01(b)(i) hereof.

(d) If, but for the application of this Section, an Event of Default has occurred or events have occurred that, with the passage of time without a cure, will result in an Event of Default (for purposes of this Section, a "prospective Event of Default"), the State shall notify the Sublessee's Chartering Authority and the Sublessee's Chartering Authority shall have the right to cure the prospective Event of Default within the time period available to the Sublessee under Section 12.01 hereof plus 15 Business Days. If the Sublessee's Chartering Authority cures the prospective Event of Default pursuant to this subsection, no Event of Default shall be deemed to have occurred and the Sublessee's Chartering Authority shall have the option to succeed to all rights and obligations of the Sublessee under this Sublease by delivering a written notice to the State and the Trustee that it desires to do so. If the Sublessee delivers such a notice, it shall automatically, without any further action by any Person, succeed to the rights and obligations of the Sublessee under this Sublease and the State and the Trustee shall take all actions reasonably requested by the Sublessee's Chartering Authority to effect and evidence such succession.

(e) If (i) the Sublessee's Chartering Authority is the Site Lessor under the Site Lease pursuant to which the Leased Property subject to this Sublease is leased to the Trustee and (ii)(A) such Leased Property is conveyed by the Trustee to the State pursuant to the Lease pursuant to which such Leased Property is leased to the State or (B) such Leased Property is conveyed by the State to the Sublessee pursuant to Section 9.03 hereof, then, the Sublessee and the Sublessee's Chartering Authority agree that such Site Lease shall, pursuant to Section 11.03 thereof, continue with the Sublessee succeeding to the rights and obligations of the Trustee thereunder.

THE PARTIES HERETO HAVE EXECUTED THIS SUBLEASE OF _____ AS OF THE DATE FIRST SET FORTH ABOVE

* Person(s) signing hereby swear and affirm that they are authorized to act and acknowledge that the State is relying on their representations to that effect.

[SUBLESSEE] _____ Name, Title [DISTRICT SEAL] Attest: _____ Name, Title [SUBLESSEE'S CHARTERING AUTHORITY] By: _____ Title: _____ _____ *Signature	STATE OF COLORADO John W. Hickenlooper GOVERNOR Department of Treasury _____ By Walker R. Stapleton, State Treasurer
STATE OF COLORADO John W. Hickenlooper GOVERNOR Department of Personnel & Administration Office of the State Architect, Real Estate Programs For the Executive Director By: _____ Michael R. Karbach, Manager of Real Estate Programs	PUBLIC SCHOOL CAPITAL CONSTRUCTION ASSISTANCE BOARD, acting on behalf of the State of Colorado By:_____ _____, Chair
	LEGAL REVIEW John W. Suthers, Attorney General By:_____ Heidi Dineen, Assistant Attorney General

ALL CONTRACTS REQUIRE APPROVAL BY THE STATE CONTROLLER

CRS §24-30-202 requires the State Controller to approve all State Contracts. This Contract is not valid until signed and dated below by the State Controller or delegate. Contractor is not authorized to begin performance until such time. If Contractor begins performing prior thereto, the State of Colorado is not obligated to pay Contractor for such performance or for any goods and/or services provided hereunder.

STATE CONTROLLER
David J. McDermott, CPA

By:_____
David J. McDermott, State Controller

Date:_____

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

The foregoing instrument was acknowledged before me this ___ day of December, 2012, by Walker R. Stapleton, Colorado State Treasurer, acting on behalf of the State of Colorado, and by _____, 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.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this ____ day of December, 2012 by _____, as _____ of _____ _____.

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

[NOTARIAL SEAL]

_____
Notary

My commission expires:

_____

[ADD CHARTER NOTARY IF APPLICABLE]

EXHIBIT A

LEGAL DESCRIPTION OF LAND INCLUDED IN LEASED PROPERTY

[insert]

EXHIBIT B

SPECIFICATIONS FOR PROJECT

[insert]

EXHIBIT C

ACCOUNTING ALLOCATION OF STATE'S BASE RENT

[insert]

EXHIBIT D

MATCHING MONEYS

Matching Moneys Amount: [$_____] [None; no Matching Moneys.]

Matching Moneys Obligation Satisfied By: [None; no Matching Moneys.] [A cash payment on date Sublease is executed and delivered.] [Base Rent payable under this Sublease.] [The delivery of a Matching Moneys Bond.] [Matching Moneys Installment Payments.]

*IF CASH PAYMENT AND SUBLESSEE IS AUTHORIZED TO WITHDRAW MONEY FROM THE ASSISTANCE FUND TO PAY COSTS OF THE SUBLESSEE'S PROJECT: Dollar Amount of Money in the Assistance Fund Available to Pay Costs of the Sublessee's Project: $_____.

*IF BASE RENT:

The Sublessee is obligated to pay Base Rent under this Sublease on the dates and in the amounts set forth below:

Payment Date	**Base Rent**
	$

*IF MATCHING MONEYS BOND:

Description of Matching Moneys Bond: (name, date, principal amount, interest rate, maturity date(s), interest payment dates, other relevant terms)]

*IF MATCHING MONEYS INSTALLMENT PAYMENTS:

The Sublessee is obligated to pay Matching Moneys Installment Payments under this Sublease on the dates and in the amounts set forth below:

Payment Date	**Matching Moneys Installment Payment**
	$

Sources of Matching Moneys Installment Payments: [amount, sources, dates to be received]

EXHIBIT E

FORM OF ASSISTANCE FUND REQUISITION

Public School Capital Construction Assistance Board
1525 Sherman Street, Suite B17
Denver, Colorado 80203
Attention: Chair

State of Colorado
Building Excellent Schools Today

Ladies and Gentlemen:

This Assistance Fund Requisition is delivered by the Participating K-12 Institution identified below (the "Participating K-12 Institution") and the State of Colorado, acting by and through the State Treasurer (the "State"), to the Public School Capital Construction Assistance Board (the "Assistance Board") pursuant to the Building Excellent Schools Today Sublease of the Sublessee dated as of December 6, 2012 (the "Sublease") between the Participating K-12 Institution and the State and the Assistance Board. ***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 August 12, 2009, as such Glossary has been amended, supplemented and restated by the Glossary attached to the State of Colorado Building Excellent Schools Today Series 2012H Supplemental Trust Indenture dated December 6, 2012 and as it may further be amended, supplemented and restated from time to time***.

The Participating K-12 Institution and the State, in accordance with the Participating K-12 Institution's Sublease, hereby requisitions the dollar amount described below from the Assistance Fund to pay, or reimburse the Participating K-12 Institution for the payment of, Costs of the Participating K-12 Institution's Project.

Representations of Participating K-12 Institution and State. The Participating K-12 Institution and the State each represent that:

1. The Participating K-12 Institution has withdrawn all moneys that it may withdraw from the Participating K-12 Institution's Project Account pursuant to Section 4.10(a) of the Participating K-12 Institution's Sublease.

2. The total amount withdrawn from the Assistance Fund pursuant to this Requisition and all previous requisitions does not exceed the amount set forth in Exhibit D to the Participating K-12 Institution's Sublease as the amount of money in the Assistance Fund available to pay Costs of the Participating K-12 Institution's Project.

Representations of Participating K-12 Institution. The Participating K-12 Institution represents that:

(a) This Requisition is not for an amount that the Participating K-12 Institution 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 Participating K-12 Institution 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) The Participating K-12 Institution's Sublease is in full force and effect an no Event of Default or Event of Nonappropriation has occurred and is continuing thereunder; and, if the Participating K-12 Institution has delivered a Matching Moneys Bond to the State, such Matching Moneys Bond is in full force and effect and the Participating K-12 Institution has paid all amounts due, and is not otherwise in default with respect to any of its obligations with respect to, such Matching Money Bond.

Representations of State. The State represents no Event of Default or Event of Nonappropriation has occurred and is continuing under any Lease.

NAME OF PARTICIPATING K-12 INSTITUTION:

_____

TOTAL DOLLAR AMOUNT REQUESTED PURSUANT TO THIS REQUISITION:

_____

The Assistance Board 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 Participating K-12 Institution Representative and the State Representative and is authorized to sign and deliver this Requisition to the Assistance Board pursuant to the Participating K-12 Institution's Sublease.

NAME OF PARTICIPATING K-12 INSTITUTION:

_____

BY PARTICIPTING K-12 INSTITUTION REPRESENTATIVE

_____
Print Name of Participating K-12 Institution Representative

_____
Signature of Participating K-12 Institution Representative

STATE OF COLORADO, ACTING BY AND THROUGH THE STATE TREASURER

By _____
State Representative

Date: _____

PAYMENT SCHEDULE TO ASSISTANCE FUND REQUISTION

Payee	Address	Amount to be Paid

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APPENDIX C
Form of Continuing Disclosure Undertaking

$195,965,000
STATE OF COLORADO
BUILDING EXCELLENT SCHOOLS TODAY
CERTIFICATES OF PARTICIPATION
TAX-EXEMPT SERIES 2012H

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 "**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 2012H Lease Purchase Agreement, dated as of December 6, 2012, entered between Zions First National Bank, as Trustee under a Master Trust Indenture, as supplemented (the "**Indenture**"), and the State. The Series 2012H 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," **Appendix G** – "LEASED PROPERTY RELATING TO PRIOR CERTIFICATES" (which shall include information on the Leased Property for all Participating K-12 Institutions, not just "Prior Certificates"), and **Appendix I** – "STATE PENSION SYSTEM."

"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, 2012, 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) The State shall file or cause to be filed with the MSRB, in a timely manner not in excess of ten business days after the occurrence of the Event, notice of any of the Events listed below with respect to the Certificates:

1. Principal and interest payment delinquencies.

2. Non-payment related defaults, *if material*.

3. Unscheduled draws on debt service reserves reflecting financial difficulties.

4. Unscheduled draws on 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, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue

(IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Certificates, or other material events or events affecting the tax status of the Certificates.

7. Modifications to the rights of the security holders, *if material*.

8. Certificate calls (other than mandatory sinking fund redemption), *if material*, and tender offers.

9. Defeasances.

10. Release, substitution or sale of property securing repayment of the securities, *if material*.

11. Rating changes.

12. Bankruptcy, insolvency, receivership or similar event of the obligated person (as defined in Rule 15c2-12).

13. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, *if material*.

14. Appointment of a successor or additional trustee or the change of name of a trustee, *if material*.

(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 any Event under subsection (a)(2)(7),(8, with respect to calls, but not tender offers), (10), (13) or (14) would constitute material information for Owners of Certificates.

(c) At any time the Certificates are outstanding, the State shall provide, in a timely manner after the occurrence thereof, 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. Format; Identifying Information. All documents provided to the MSRB pursuant to this Disclosure Certificate shall be in the format prescribed by the MSRB and accompanied by identifying information as prescribed by the MSRB.

As of the date of this Disclosure Certificate, all documents submitted to the MSRB must be in portable document format (PDF) files configured to permit documents to be saved, viewed, printed and retransmitted by electronic means. In addition, such PDF files must be word-searchable, provided that diagrams, images and other non-textual elements are not required to be word-searchable.

SECTION 6. 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 Undertaking 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 shall be evidenced by an opinion of an attorney selected by the State, a copy of which opinion shall be given to the representative of the Participating Underwriters. The State shall file or cause to be filed a notice of any such termination with the MSRB.

SECTION 7. 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.

SECTION 8. 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 9. 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 Treasurer 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 10. 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: December 6, 2012

STATE OF COLORADO,
acting by and through the State Treasurer

By: _____
Walker R. Stapleton, Colorado State Treasurer

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APPENDIX D

FORM OF BOND COUNSEL OPINION

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December 6, 2012

State of Colorado,
acting by and through the State Treasurer
Zions First National Bank, as Trustee
RBC Capital Markets, LLC
D.A. Davidson & Co.
George K. Baum & Company
Stifel, Nicolaus & Company, Incorporated

$195,965,000
State of Colorado
Building Excellent Schools Today Certificates of Participation
Tax-Exempt Series 2012H

Ladies and Gentlemen:

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 Building Excellent Schools Today Certificates of Participation Tax-Exempt Series 2012H (the "Series 2012H Certificates"). The Series 2012H Certificates are being executed and delivered pursuant to Building Excellent Schools Today Act, part 1, article 43.7, title 22, Colorado Revised Statutes, as amended; and the State of Colorado Building Excellent Schools Today Master Trust Indenture dated as of August 12, 2009, as supplemented by the State of Colorado Building Excellent Schools Today Series 2009A Supplemental Indenture dated as of August 12, 2009, the State of Colorado Building Excellent Schools Today Series 2010B-C Supplemental Indenture dated as of March 16, 2010, the State of Colorado Building Excellent Schools Today Series 2010D-F Supplemental Trust Indenture dated as of December 16, 2010, the State of Colorado Building Excellent Schools Today Series 2011G Supplemental Trust Indenture dated as of December 8, 2011, the State of Colorado Building Excellent Schools Today October 2012 Supplemental Trust Indenture dated as of October 31, 2012 and the State of Colorado Building Excellent Schools Today Series 2012H Supplemental Trust Indenture dated as of December 6, 2012 (collectively, the "Indenture") by Zions First National Bank, as trustee thereunder (the "Trustee"). The Series 2012H Certificates evidence undivided interests in the right to certain payments by the State under the State of Colorado Building Excellent Schools Today Series 2012H Lease Purchase Agreement dated as of December 6, 2012 (the "2012H Lease"), the State of Colorado Building Excellent Schools Today Series 2011G Lease Purchase Agreement dated as of December 8, 2011 (the "2011G Lease"), the State of Colorado Building

Excellent Schools Today Series 2010D-F Lease Purchase Agreement dated as of December 16, 2010 (the "2010D-F Lease"), the State of Colorado Building Excellent Schools Today Series 2010B-C Lease Purchase Agreement dated as of March 16, 2010 (the "2010B-C Lease") and the State of Colorado Building Excellent Schools Today Series 2009A Lease Purchase Agreement dated as of September 12, 2009 (the "2009A Lease"; and, together with the 2012H Lease, the 2011G Lease, the 2010D-F Lease and the 2010B-C Lease, the "Leases") by and between the Trustee, as lessor, and the State, 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, the 2012H Site Leases pursuant to which the 2012H Leased Property has been leased to the Trustee by the 2012H Site Lessors, the 2012H Subleases pursuant to which the 2012H Leased Property has been subleased to the 2012H Sublessees by the State and the Tax Compliance Certificates executed and delivered by the State and the 2012H Sublessees in connection with the execution and delivery of the Series 2012H 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 herein; and the proceedings, certificates, documents, opinions and other papers delivered in connection with the execution and delivery of the Series 2012H Certificates. As to questions of fact material to our opinion, we have relied upon the representations and certifications set forth in the items examined, without undertaking to verify the same by independent investigation. We have assumed the due authorization, execution and delivery by the Trustee and the enforceability against the Trustee of the Leases, the Indenture and the Series 2012H Certificates, the due authorization, execution and delivery by each 2012H Site Lessor and the enforceability against each 2012H Site Lessor of its 2012H Site Lease, the due authorization, execution and delivery by each 2012H Sublessee and the enforceability against each 2012H Sublessee of its 2012H Sublease and the due authorization, execution and delivery by each 2012H Sublessee of its Tax Compliance Certificate; have relied upon, and assumed the correctness of the legal conclusions stated in, the opinion delivered by the Attorney General of the State in connection with the execution and delivery of the Series 2012H Certificates with respect to the authorization, execution and delivery of the Leases, the 2012H Subleases and the State's Tax Compliance Certificate by the State, the enforceability of the 2012H Subleases and the State's Tax Compliance Certificate against the State (but not the enforceability of the 2012H Lease) and other matters; and have assumed that the State, the Trustee, the 2012H Site Lessors, the 2012H Sublessees and other parties will comply with, and perform their obligations in accordance with, the Leases, the Indenture, the 2012H Site Leases, the 2012H Subleases and the Tax Compliance Certificates of the State and the 2012H Sublessees.

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 2012H Lease.

2. The 2012H Lease has been duly authorized, executed and delivered by the State and is a legal, valid and binding obligation of the State enforceable against the State in accordance with its terms.

3. The Series 2012H Certificates evidence legal, valid and binding undivided interests in the right to certain payments, as provided in the Series 2012H Certificates and the Indenture, from Base Rent payable by the State under the Leases as provided in the Leases.

4. Under existing laws, regulations, rulings and judicial decisions, the portion of the Base Rent paid by the State which is designated and paid as interest on the Series 2012H Certificates is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. The opinions set forth in the preceding sentence assume compliance by the State and the 2012H Sublessees with certain covenants relating to requirements of the Code that must be met subsequent to the delivery of the Series 2012H Certificates. Failure to comply with such requirements could cause such interest to be included in gross income for federal income tax purposes, retroactive to the date of delivery of the Series 2012H Certificates. We express no opinion regarding (a) the effect of any termination of the State's obligations under the Leases, under certain circumstances as provided in the Leases, upon the treatment for federal income tax purposes of any moneys received by the Owners of the Series 2012H Certificates; or (b) any other federal tax consequences related to the ownership or disposition of the Series 2012H Certificates. We note, however, that the portion of the Base Rent paid by the State which is designated and paid as interest on the Series 2012H Certificates is taken into account in determining adjusted current earnings for purposes of the alternative minimum tax imposed on certain corporations (as defined for federal income tax purposes).

5. Under existing State of Colorado statutes, the interest received by the Owners of the Series 2012H Certificates with respect to their undivided interests in the Base Rent that is designated and paid as interest under the Leases is exempt from State of Colorado income tax. We express no opinion regarding (i) the effect of any termination of the State's obligations under the Leases on interest received or income of the Owners of the Series 2012H Certificates subsequent to such termination; or (ii) any other tax consequences related to the ownership or disposition of Series 2012H Certificates under the laws of the State of Colorado or any other state or jurisdiction.

The rights of the Owners of the Series 2012H Certificates and the enforceability of the Series 2012H Certificates and the 2012H 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 herein 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 Site Leases, the Leases, the Indenture or the Series 2012H Certificates against the Trustee; the enforceability of the 2012H Site Leases against the 2012H Site Lessors; the enforceability of the 2012H Subleases against the State or the 2012H Sublessees; the creditworthiness or financial condition of the State, the Trustee or any other person; the accuracy or completeness of the statements made in connection with the offer and sale of the Series 2012H Certificates; or the ability of the State to use moneys from any particular source for the purpose of making payments under the Leases.

This opinion is solely for the benefit of the addressees in connection with the original delivery of the Series 2012H Certificates and may not be relied upon by any other person or for any other purpose without our express written consent.

This opinion is based solely on the Constitution and laws of the State, the provisions of the Code and the regulations, rulings and judicial decisions relevant to the opinions set forth herein, the other items described in the second paragraph hereof and the assumptions set forth herein. The opinions set forth herein may be affected by changes in the items described in the second paragraph hereof and actions taken or omitted or events occurring after the date hereof. This opinion speaks only as of its date and our engagement with respect to the Series 2012H Certificates has concluded with the delivery of this opinion. We have no obligation to update this opinion or to inform any person about any changes in the items described in the second paragraph hereof, any actions taken or omitted or events occurring after the date hereof or any other matters that may come to our attention after the date hereof.

Respectfully submitted,

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 summarizes the actual revenues, expenditures and changes in fund balances for the General Fund for Fiscal Year 2007-08 through Fiscal Year 2011-12 and the forecasts for Fiscal Years 2012-13 and 2013-14 from the OSPB September 2012 Revenue Forecast. The overview incorporates the budget under current law for Fiscal Year 2012-13. See "FORWARD-LOOKING STATEMENTS."

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
Fiscal Years 2007-08 Through 2013-14

(Dollar amounts expressed in millions; totals may Not Add Due To Rounding)

	Actual (Unaudited)(1)					OSPB Forecast	
	Fiscal Year 2007-08	**Fiscal Year 2008-09**	**Fiscal Year 2009-10**	**Fiscal Year 2010-11**	**Fiscal Year 2011-12**	**Fiscal Year 2012-13**	**Fiscal Year 2013-14**
REVENUE:							
Beginning Reserve	$ 267.0	$ 283.5	$ 443.3	$ 137.4	$ 156.7	$ 804.4	$ 297.5
Gross General Fund Revenue	7,742.9	6,742.7	6,457.7	7,085.0	7,736.9	7,955.7	8,147.1
Diversion to the Highway Users Tax Fund(2)	(238.1)	--	--	--	--	--	--
Net Transfers to (from) the General Fund(3)	(5.0)	813.3	(47.6)	150.1	138.0	(2.5)	0.6
TOTAL GENERAL FUND REVENUE AVAILABLE FOR EXPENDITURE	7,766.9	7,839.5	6,853.5	7,372.5	8,031.6	8,757.6	8,445.2
EXPENDITURES:							
Appropriations Subject to Limit(4)	7,087.8	7,387.1	6,631.6	6,811.1	7,027.8	7,438.1	7,809.4
Appropriations Change From Prior Year	*412.3*	*299.3*	*(755.5)*	*179.5*	*216.7*	*410.3*	*371.4*
Percent Change	*6.2%*	*4.2%*	*(10.2)%*	*2.7%*	*3.2%*	*5.8%*	*5.0%*
Exemptions to the Appropriations Limit(5)	31.9	12.2	--	9.9	--	--	--
Spending Outside the Appropriations Limit	320.2	210.6	84.5	139.0	184.3	304.8	323.4
TABOR Refund	--	--	--	--	--	--	--
Rebates and Expenditures(6)	*173.8*	*136.0*	*141.9*	*126.0*	*133.2*	*146.3*	*154.0*
Homestead Exemption(7)	*79.8*	*85.6*	*1.3*	*1.6*	*1.8*	*97.6*	*105.2*
Transfer to Capital Construction Fund	*93.7*	*24.9*	*0.2*	*12.0*	*49.3*	*61.0*	*64.1*
Reversions and Accounting Adjustments	*(27.1)*	*(36.0)*	*(56.2)*	*(38.6)*	*(43.9)*	*0*	*0*
Enhanced Medicaid Match (Reduces General Fund Expenditures)(8)	--	(223.9)	(2.7)	(0.5)	--	--	--
TOTAL GENERAL FUND OBLIGATIONS	7,439.9	7,395.8	6,716.0	6,921.4	7,168.2	7,742.9	8,132.8
RESERVES							
Year-End General Fund Balance	327.0	443.8	137.4	451.1	863.4	1,014.7	312.4
Year-End Excess General Fund Balance as a Percent of Appropriations	*4.6%*	*2.0%*	*2.1%*	*6.6%*	*12.3%*	*13.6%*	*4.0%*
General Fund Statutory Reserve(9)	283.5	148.2	132.6	156.7	281.1	297.5	312.4
Excess Moneys Above (Below) Unappropriated Reserve	43.4	295.5	4.8	294.4[10]	582.3	717.1	0
Transfer to Highway Users Tax Fund (2/3)	*29.0*	--	--	--	--	--	--
Transfer to Capital Construction Fund (1/3)	*14.5*	--	--	--	--	--	--
Note: Deposit to the State Education Fund(10)(11)	*407.9*	*339.9*	*329.0*	*597.4*	*638.5*	*476.5*	*1,142.4*

[Notes on the next page]

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

(2) For Fiscal Year 2007-08, a portion of net sales and use tax revenues was required to be diverted to the Highway Users Tax Fund if General Fund revenues are sufficient to fund appropriations and maintain the Unappropriated Reserve. This requirement was repealed by SB 09-228 beginning with Fiscal Year 2009-10 and for all subsequent years.

(3) This figure represents the total net transfers to or from the General Fund, including statutorily required transfers into the General Fund from various cash funds.

(4) Per SB 09-228 for Fiscal Year 2009-10, this appropriation limit was revised from the lesser of (i) 5% of Colorado Personal Income as reported by the U.S. Bureau of Economic Analysis or (ii) 6% growth applied to appropriated amounts from the General Fund during the prior Fiscal Year, to just 5% of Colorado Personal Income.

(5) In Fiscal Years 2007-08, 2008-09 and 2010-2011, totals of $31.9 million, $12.2 million and $9.9 million, respectively, are not subject to the appropriations limit pursuant to Section 24-75-201.1(1)(a)(III)(B), C.R.S., but are used as the base for calculating the following year's appropriations limit. See "STATE FINANCIAL INFORMATION – Budget Process and Other Considerations – *Expenditures, The Balanced Budget and Statutory Spending Limitation*." Spending by the Medicaid program that is above the appropriated amount, called "Medicaid Overexpenditures," is usually the largest amount for this line.

(6) This generally includes the Cigarette Rebate, Old Age Pension Fund, Property Tax, Heat and Rent Credit and Fire and Police Pensions.

(7) The senior Homestead Exemption property tax credit was suspended (except for an exemption for qualified disabled veterans) for Fiscal Year 2009-10 through Fiscal Year 2011-12.

(8) The table reflects the infusion of federal stimulus funding for Federal Medical Assistance Percentage in Fiscal Years 2008-09 through Fiscal Year 2010-11. For Fiscal Years 2009-10 and 2010-11, General Fund expenditure offsets due to FMAP are predominantly included in the "General Fund Appropriations Subject to the Appropriations Limit" line item.

(9) Per SB 09-219 and SB 09-277, the Unappropriated Reserve required by Section 24-75-201.1, C.R.S., was lowered from 4.0% to 2.0% for Fiscal Year 2008-09 and 2009-10, and per SB 11-156, the Unappropriated Reserve requirement is 2.3% for Fiscal Year 2010-11. The Unappropriated Reserve requirement reverted to 4.0% beginning in Fiscal Year 2011-12. Current law requires the reserve to increase to 4.5% when personal income is projected to increase by more than 5%. This is not projected to occur until 2014, which would trigger the reserve increase in Fiscal Year 2015-16. The reserve is further required to increase by 0.5 percentage points each year thereafter until it reaches 6.5% of appropriations.

(10) Per SB 11-156, for Fiscal Year 2010-11, any surplus above the 2.3% Unappropriated Reserve requirement was credited to the State Education Fund, and per SB 11-230, for Fiscal Year 2010-11, the amount by which the estimate of Fiscal Year 2010-11 General Fund revenue forecast in the OSPB June 2011 Revenue Forecast exceeded the amount forecast by OSPB in its March 2011 revenue forecast, up to $67.5 million, was transferred to the State Public School Fund; the balance of $221.4 million was credited to the State Education Fund. Per HB 12-1338, $59.0 million of the Fiscal Year 2011-12 excess amount and all of the Fiscal Year 2012-13 excess amount is transferred to the State Education Fund. After the $59 million transfer, the remaining amount of the Fiscal Year 2011-12 surplus is carried forward and becomes part of the beginning Fiscal Year 2012-13 balance. See "STATE FINANCIAL INFORMATION – Budget Process and Other Considerations – *Revenues and Unappropriated Amounts*."

(11) 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. See also Note 13 above. In Fiscal year 2011-12, the State Education Fund will also receive approximately $9.6 million from the tax amnesty program created by SB 11-184. In Fiscal Year 2012-13, the fund receives $59 million of the Fiscal Year 2011-12 excess reserves. For Fiscal Year 2013-14, under current law it receives all of the Fiscal Year 2012-13 excess reserves, or a projected $717.1 million.

Source: Office of State Planning and Budgeting

Discussion of Recent General Fund Operations

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

Fiscal Year 2011-12 (Preliminary Unaudited). The following information is taken from the OSPB September 2012 Revenue Forecast and was based on unaudited preliminary figures.

General Fund revenues increased by 9.2% in Fiscal year 2011-12 compared to an increase of 9.7% in Fiscal Year 2010-11. In Fiscal Year 2011-12, sales and use tax revenues increased by 2.4% compared to an increase of 12.8% in Fiscal Year 2010-11. Corporate and individual income tax collections increased 12.5% compared to an increase of 9.7% in Fiscal Year 2010-11. Other excise tax revenues increased 4.9% compared to a decrease of 3.1% in Fiscal Year 2010-11. Other revenues increased 5.7% in Fiscal Year 2011-12 compared to a decrease of 5.6% in Fiscal Year 2010-11. Total funds available for expenditure in Fiscal Year 2011-12 (which excludes the amount deposited into the State Education Fund and includes beginning General Fund Surplus and amounts transferred into the General Fund) were $8,031.6 million and total obligations were $7,168.2 million. In accordance with Amendment 23 and other State laws, $638.5 million was credited to the State Education Fund. The Unappropriated Reserve was $281.1 million. As permitted by SB 09-277, the Unappropriated Reserve was 4.0% of Fiscal Year appropriations.

Fiscal Year 2010-11. General Fund revenues increased by 9.7% in Fiscal Year 2010-11 compared to a decline of 4.2% in Fiscal Year 2009-10. In Fiscal Year 2010-11, sales and use tax revenues increased by 12.8% compared to a decrease of 6.0% in Fiscal Year 2009-10. Other excise tax revenues decreased 3.1% compared to an increase of 0.9% in Fiscal Year 2009-10. Corporate and individual income tax collections increased 9.7% compared to a decrease of 3.7% in Fiscal Year 2009-10. Other revenues declined 6.3% in Fiscal Year 2010-11 compared to an increase of 0.1% in Fiscal Year 2009-10. Total funds available for expenditure in Fiscal Year 2010-11 (which excludes the amount deposited into the State Education Fund and includes beginning General Fund Surplus and amounts transferred into the General Fund) were $7,381.2 million and total obligations were $6,935.7 million. In accordance with Amendment 23, $370.5 million was credited to the State Education Fund. The Unappropriated Reserve was $156.7 million. As permitted by SB 09-277, the Unappropriated Reserve was 2.3% of Fiscal Year appropriations.

Fiscal Year 2009-10. General Fund revenues declined by 4.2% in Fiscal Year 2009-10 compared to a decline of 12.9% in Fiscal Year 2008-09. In Fiscal Year 2009-10, sales and use tax revenues decreased by 6.0% compared to a decrease of 9.1% in Fiscal Year 2008-09. Other excise tax revenues increased 0.9% compared to a decline of 1.7% in Fiscal Year 2008-09. Corporate and individual income tax collections decreased 3.7% compared to a decrease of 15.6% in Fiscal Year 2008-09. Other revenues increased 0.1% in Fiscal Year 2009-10 compared to a decline of 0.2% in Fiscal Year 2008-09. Total funds available for expenditure in Fiscal Year 2009-10 (which excludes the amount deposited into the State Education Fund) were $6,853.5 million and total obligations were $6,716.0 million. In accordance with Amendment 23, $329.0 million was credited to the State Education Fund. The General Funds statutory reserve was $132.6 million. As permitted by SB 09-277, the Unappropriated Reserve was lowered to 2.0% of Fiscal Year appropriations.

Fiscal Year 2008-09. General Fund revenues decreased by 12.9% in Fiscal Year 2008-09 compared to an increase of 2.7% in Fiscal Year 2007-08. In Fiscal Year 2008-09, sales and use tax revenue decreased by 9.1% compared to an increase of 4.9% in Fiscal Year 2007-08. Other excise tax

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

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

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 2011-12, individual and corporate income taxes (after the State Education Fund diversion) comprised approximately 65.8% of total General Fund revenues, and general sales and use taxes contributed approximately 29.6% of total General Fund revenues. The OSPB forecasts that gross General Fund revenue will grow at a compound average annual rate of 3.0% between Fiscal Year 2011-12 and Fiscal Year 2014-15.

Individual Income Tax. The largest source of General Fund revenues is receipts generated by the individual income tax. Individual income tax revenues comprised 61.5% of total General Fund revenues in Fiscal Year 2011-12, and are forecast by the OSPB to comprise 61.0% of total General Fund revenues in Fiscal Year 2012-13 and 60.0% of total General Fund revenues in Fiscal Year 2013-14 (in all three cases before State Education Fund diversion). Individual income tax revenues increased by 2.1% in Fiscal Year 2007-08, followed by a decrease of 12.9% in Fiscal Year 2008-09, a decrease of 5.8% in Fiscal Year 2009-10, an increase of 10.1% in Fiscal Year 2010-11 and an increase of 11.5% in Fiscal Year 2011-12. The OSPB forecasts that individual income tax revenues will increase by 2.0% and 0.8% in Fiscal Year 2012-13 and 2013-14, respectively.

Corporate Income Tax. Corporate income tax revenues accounted for 6.0% of total General Fund revenues in Fiscal Year 2011-12, and are forecast by the OSPB to comprise 6.3% of total General Fund revenues in Fiscal Year 2012-13 and 6.6% of total General Fund revenues in Fiscal Year 2013-14. Corporate tax receipts are the most volatile revenue source for the General Fund. Corporate income tax receipts increased 2.0% in Fiscal Year 2007-08, followed by a decrease of 42.4% in Fiscal Year 2008-09, an increase of 27.2% in Fiscal Year 2009-10, an increase of 5.9% in Fiscal Year 2010-11 and an increase

of 24.0% in Fiscal Year 2011-12. The OSPB forecasts that corporate income tax revenues will increase by 7.1% and 7.7% in Fiscal Years 2012-13 and 2013-14, respectively.

Sales and Use Taxes. Sales and use tax receipts accounted for 28.2% of General Fund revenue in Fiscal Year 2011-12, and are forecast by the OSPB to comprise 28.0% of total General Fund revenues in Fiscal Year 2012-13 and 28.1% of total General Fund revenues in Fiscal Year 2013-14. Sales and use tax revenues increased 4.9% in Fiscal Year 2007-08, followed by decreases of 9.1% and 6.0% in Fiscal Year 2008-09 and Fiscal Year 2009-10, respectively, and increases of 12.8% and 2.6% in Fiscal Year 2010-11 and in Fiscal Year 2011-12, respectively. The OSPB forecasts that sales and use tax revenues will increase by 2.0% and 3.0% in Fiscal Years 2012-13 and 2013-14, respectively.

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 ___% of General Fund revenue in Fiscal Year 2011-12, and are forecast by the OSPB to comprise ___% of total General Fund revenues in Fiscal Year 2012-13. Other excise tax revenues decreased 0.7% in Fiscal Year 2007-08, decreased 1.9% in Fiscal Year 2008-09, increased 0.9% in Fiscal Year 2009-10, decreased 3.1% in Fiscal Year 2010-11 and an increase of 4.9% in Fiscal Year 2011-12. The OSPB forecasts that other excise tax receipts will decrease 1.0% in Fiscal Year 2012-13 and decrease 0.8% in Fiscal Year 2013-14.

Other Revenues. This category includes a diverse group of revenues such as estate taxes, insurance taxes, pari-mutuel taxes, interest income, court receipts, gaming taxes, and other income, and as a group are relatively volatile. Other revenues accounted for 3.3% of total General Fund revenues in Fiscal Year 2011-12, and are forecast by the OSPB to comprise 3.9% of total General Fund revenues in Fiscal Year 2013-14, and 4.4% of total General Fund revenues in Fiscal Year 2012-13. As a whole, revenues in this category declined 1.7% in Fiscal Year 2007-08, and 0.2% in Fiscal Year 2008-09, followed by an increase of 0.1% in Fiscal Year 2009-10, a decrease of 5.6% in Fiscal Year 2010-11 and an increase of 5.7% in Fiscal Year 2011-12. The OSPB forecasts that other revenues will increase by 19.5% and 16.0% in Fiscal Years 2012-13 and 2013-14, respectively. The large percentage increase in these years is mostly due to the scheduled resumption of estate tax revenues to the State resulting from federal tax law changes.

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 2012-13 and 2013-14. See also "OSPB Revenue and Economic Forecasts" below and "FORWARD LOOKING STATEMENTS" in the body of this Official Statement.

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

	Actual					OSPB Estimate[1]	
	Fiscal Year 2007-08	Fiscal Year 2008-09	Fiscal Year 2009-10	Fiscal Year 2010-11	Fiscal Year 2011-12	Fiscal Year 2012-13	Fiscal 2013-14
Individual Income Tax	$4,973.7	$4,333.3	$4,083.8	$4,496.1	$5,011.7	$5,109.7	$5,149.6
Change from Prior Year	2.1%	(12.9)%	(5.8%)	10.1%	11.5%	2.0%	0.8%
Corporate Income Tax	$507.9	$292.5	$372.1	$393.9	$488.3	$523.2	$563.4
Change from Prior Year	2.0%	(42.4)%	27.2%	5.9%	24.0%	7.1%	7.7%
Sales and Use Tax	$2,317.9	$2,107.8	$1,980.7	$2,233.5	$2,293.5	$2,340.3	$2,410.8
Change from Prior Year	4.9%	(9.1)%	(6.0)%	12.8%	2.7%	2.0%	3.0%
Other Excise Taxes	$93.3	$91.6	$92.4	$89.5	$93.9	$92.9	$92.2
Change from Prior Year	(0.7)%	(1.9)%	0.9%	(3.1)%	4.9%	(1.0)%	(0.8)%
Other Revenues	$258.1	$257.4	$257.9	$243.2	$257.0	$307.1	$356.3
Change from Prior Year	(1.7)%	(0.2)%	0.2%	(5.7)%	5.7%	19.5%	16.0%

(1) OSPB September 2012 Revenue Forecast.

Source: Office of State Planning and Budgeting

Revenue Estimation

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

The OSPB begins estimating revenue by obtaining macroeconomic forecasts for national and State variables. The national forecast was provided by Moody's Economy.com for the OSPB September 2012 Revenue Forecast. The OSPB forecasts the State economy using a model originally developed partly in-house and partly by consultants to the State.

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

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

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 a 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 next OSPB revenue forecast will be released on December 20, 2012. General Fund revenue projections in the new forecast may be materially different from the OSPB September 2012 Revenue Forecast and may project a larger revenue shortfall or a revenue surplus if economic conditions change markedly. Due to the volatility in the State and national economies, OSPB's forecasts of General Fund revenues over the last several years have fluctuated from forecast to forecast, and in some cases have been significantly lower or higher than the immediately preceding forecast, such volatility may be reflected in the December 2012 forecast. If a revenue shortfall is projected for Fiscal Year 2012-13 and subsequent forecasted years, which would result in a budgetary shortfall, budget cuts and/or General Fund enhancements will be necessary to ensure a balanced budget.

OSPB Revenue and Economic Forecasts

The OSPB prepares quarterly revenue estimates and is currently forecasting for Fiscal Year 2012-13 through Fiscal Year 2014-15. The forecasts are based on historical patterns, with economic and legislative changes explicitly included in the models that forecast revenue growth, and include both State and national economic forecasts. The most recent OSPB Revenue Forecast was issued on September 20, 2012, 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. Fiscal Year 2012-13 General Fund appropriations subject to limitation under 24-75-201.1, C.R.S. are $7,438.1 million, an increase of 5.8% over final Fiscal Year 2011-12 appropriations of $7,027.8 million. Total General Fund revenues available for expenditure (which includes beginning reserves, revenues and the net incoming and outgoing transfers) are projected to exceed total General Fund obligations (which includes appropriations that are subject to the statutory limit plus expenditures that are exempt from the limit, adjustments to appropriations and authorized spending outside of the limit) and result in a year end fund balance of $1,014.7 million and reserves of $717.1 million above the current 4.0% Unappropriated Reserve requirement. Per HB 12-1338, all of the Fiscal Year 2012-13 excess reserves are required to be transferred to the State Education Fund.

No budget has been adopted yet for Fiscal Year 2013-14. The Governor will release a Fiscal Year 2013-14 budget request on November 1, 2012. Under the September 2012 forecast and current law Fiscal Year 2012-13 budget General Fund appropriations subject to limitation under Section 24-75-201.1, C.R.S. can grow 5.0% to $7,809.4 million in Fiscal Year 2013-14, while maintaining the required 4.0% reserve amount. This figure is subject to change based on updates to the revenue forecast and future budget actions.

See also "General Fund Overview above.

Economic Forecast. OSPB's assessment of the economy and its future path remain essentially unchanged from recent forecasts. Recent national data on jobs, business spending, exports, and manufacturing show that the economy has slowed from earlier in the year. The global economy is also slowing. Due to these trends and the persistent factors weighing on growth, OSPB expects the slowdown, though not significant, to continue into 2013. Colorado is enduring the same challenges as the nation. However, economic indicators continue to show that the State has been building a better economic foundation and is outperforming many other States.

Several uncertainties and risks remain which make gauging the future performance of the economy especially challenging. The ongoing European economic and financial distress as well as the nation's possible impending federal tax increases and spending cuts are downside risks. Because Colorado has a large concentration of aerospace and defense workers, the State may be impacted more than many other States from federal defense cuts. Higher oil and food prices, which are facing upward pressure due to tensions in the Middle East and the nationwide drought, are also risks.

There is also the potential that the economy will perform better than forecast. A more satisfactory resolution of Europe's challenges and an agreement on federal fiscal issues will reduce uncertainty and help bolster the economy. Further, the Federal Reserve's recent significant shift in policy could boost growth. The policy includes a new open-ended asset buying program and guidance that monetary policy will remain accommodative even after the recovery strengthens. These policies could bolster the economy through raising expectations for growth, thus spurring more economic activity and money circulating in the economy. Also, improvement in the housing market, which traditionally helps economies recover from downturns, is a positive trend that could boost growth more than expected.

Overall Economic Conditions. Though the economy continues to grow as individuals and businesses strive to rebuild and improve their livelihoods, activity remains only modest. The economy has yet to overcome the legacies of the dramatic downturn and financial crisis that began in 2008. The restructuring process from the dislocations of the credit and housing boom and bust will continue to take time.

A full recovery continues to be hindered by several factors, such as household balance sheet repair, labor market restructuring, and higher levels of uncertainty regarding future economic activity. Many businesses and households are holding back on spending, investing, and hiring decisions. The rate at which money is being exchanged in the economy – called the "velocity" of money – which helps generate income, is at a 50-year low.

The global economy is highly connected, and conditions in other parts of world impact the nation and State. Many of the world's largest economies continue to be weak. A recent index measuring manufacturing activity indicates that 80% of the world's manufacturing is in contraction.

In a particularly ominous sign, economies in the Euro Area and Asia continue to slow. These two regions represent a significant portion of the world's overall economic output. In addition, although recent signs point to some improvement in Brazil and the United Kingdom – the sixth and seventh largest economies in the world, respectively – they remain below their trend levels of growth.

A strong rebound in manufacturing over the past few years has helped boost overall economic activity for the nation. This is the case because manufacturing generates a significant amount of economic activity in other sectors of the economy. It spurs the creation of jobs and spending across the economy because the entire manufacturing process is highly complex with many inputs. In addition, the

manufacturing industry is highly innovative, which leads to income and economic growth as the industry continually becomes more productive and creates products that the market needs and wants.

Unfortunately, manufacturing has been slowing over the past several months. The Institute for Supply Management ("**ISM**") Manufacturing Purchasing Managers Index ("**PMI**"), based on a survey of businesses in the production of goods sector, was 49.6 in August, the third month in a row below 50, which indicates contraction. One of the industries reporting contraction was computer and electronic product manufacturing, Colorado's largest manufacturing industry. A representative from the industry stated in the national ISM August survey that, "business is slow right now. Companies seem to be holding onto their money." It is likely that the manufacturing sector will continue to be more sluggish over the coming months due to the weak global economy. Further, a combination of rising inventories of manufacturers and slowing in new orders will result in less manufacturing activity.

The ISM Non-manufacturing Businesses Activity Index was 55.6 in August 2012, down slightly from July. This is a positive sign for Colorado's economy as the State has a more services-intensive economy than the nation as a whole. Colorado is a regional hub for professional, scientific, and technical services, such as engineering, accounting, legal services, and consulting. This sector continued to report growth at the national level in the August survey. Despite reflecting overall growth, the survey in general continued to reflect uncertainty about business conditions and the economy.

Colorado business conditions continue to outperform the nation, but the State is not immune from the uncertainty facing businesses across the nation. Since the economic downturn, Colorado has been building a stronger economic foundation, which has resulted in better economic growth than many other States. This process has been aided by Colorado's entrepreneurial and talented population and its culture of collaboration and innovation. Further, Colorado has a solid presence of industries that trade their goods and services outside of the State and nation. This subjects Colorado companies to more competition that requires constant improvement and innovation in business processes and products. Such activity helps the economy grow. It also brings in new income to the State that can be utilized for increased investment, hiring, and spending.

Two surveys of businesses in the State indicate that businesses still face headwinds and uncertainty. The Goss Institute for Economic Research's Business Conditions Index for Colorado, based on a survey of supply managers in the State, increased to 59.0 in August from 49.6 in July. The July value represented the first time since September 2009 that the Colorado index slipped below 50, which reflects expectations of a contracting economy during the next three to six months. Similarly, the University of Colorado Leeds Business Confidence Index ("**LBCI**"), an index measuring the confidence of Colorado business leaders, reported that expectations weakened for the third quarter of 2012. The third quarter report indicated that many businesses remain cautious about the future, especially regarding the national economy.

New business creation in Colorado continues to rebound. New businesses generally create more jobs than existing firms. Thus, trends in business startup activity are important to monitor to help gauge job growth. Based on Quarterly Census of Employment and Wages data from the Colorado Department of Labor and Employment, the number of business startups with employees fell substantially during the recession. However, business startup activity improved beginning in 2010, and the trend has continued into the first quarter of 2012, the latest data available. The improvement in 2010 coincided with the pickup in job growth in Colorado.

Despite the recent growth trend, start-up activity remains well below its pre-recession peak. This indicates that entrepreneurs are having more difficulty finding opportunities to begin and sustain new business ventures as the economy rebuilds and restructures. Entrepreneurs generally continue to have

lower expectations and uncertainty about the future. This, coupled with less financing available, is hindering successful new business creation and thus more robust job growth.

Labor Market Conditions and Trends. The labor market is slowly improving but continues to face many challenges as businesses remain apprehensive and uncertain about future economic conditions, federal fiscal policy, the European sovereign debt crisis, and an overall global slowdown. Further, the job market appears to be facing some structural frictions as it is taking time to match available jobs with those individuals seeking employment. Continued levels of high unemployment indicate the economy is still rebuilding from major disruptions and dislocations during the recession.

Additionally, in the private sector, firms are allocating more resources to equipment and software than labor. Historically, private business investment in equipment and software has moved in tandem with private sector employment. This divergence in spending demonstrates firms' efforts to keep operations lean and increase the productivity of existing workers.

Job openings and hiring continue on an upward trajectory, though growth is modest and challenges remain. The U.S. job market softened in August when 96,000 jobs were added, less than expected. Manufacturing shed 15,000 jobs, government lost 7,000, and temporary employment eliminated positions, which can be a bellwether for overall job trends. Employment rose in restaurants, professional and technical services, and health care. Construction gained 1,000 jobs with the continuing improvement in housing construction.

Colorado job growth is outpacing the nation. Based on data from the U.S. Bureau of Labor Statistics and OSPB's estimates of forthcoming revisions to jobs data that are currently not published,[*] Colorado gained about 20,000 nonfarm jobs so far this year through July. The professional, scientific and technical services, and finance and insurance sectors contributed to about half of this gain. Colorado is a regional hub for these sectors, which helps contribute to economic growth.

Due to the large economic benefits that the manufacturing sector brings to the State, continued job growth through July in this sector is welcome. Another positive is that the construction sector is adding jobs this year after the sector shed a substantial amount of its workers when housing and other construction collapsed. Finally, the mining sector continues to lead the State in the percentage increase in job growth, although the sector represents only a small portion of the State's employment base. Notable sectors that have had very weak growth or have shed jobs this year include transportation and utilities, real estate, information, such as publishing industries and telecommunications, and the public sector.

OSPB's forecast for Colorado nonfarm payroll jobs remains the same as the previous forecast. Payroll jobs will increase 1.7% in 2012, but slow to 1.0% in 2013 as the current heightened uncertainty and lower expectations for future economic conditions takes their toll on hiring; nationally, job growth will be slightly slower.

Unemployment. Although job growth has been occurring for the State and the nation since the beginning of 2010, growth has not been strong enough to employ the substantial amount of individuals who lost their jobs during the recession. Unemployment thus remains elevated.

There are several factors contributing to the higher levels of unemployment which are discussed in further detail in the following sections. The U.S. Bureau of Labor Statistics ("**BLS**") in August reported a national unemployment rate of 8.1%, down from 8.3% in July. The decrease was mostly due

[*] The jobs figures will be benchmarked based on Quarterly Census of Employment and Wage date to more accurately reflect the number of jobs in the State than what was estimated based on survey of employers.

to workers leaving the labor force which resulted in a lower labor force participation rate of 63.5% – the lowest level since 1981. The male participation rate nationally fell to 69.9%, its lowest level since 1948 when records began.

Colorado's unemployment rate inched up to 8.3% in July, the same as the nation's that month. This tenth of a point increase was due to gains in individuals entering the labor force to seek work without a commensurate increase in job growth.

Unemployment rates of 8.0% and 7.8% are forecast for Colorado in 2012 and 2013, respectively. The national unemployment rate will be 8.3% in 2012 and 8.2% in 2013.

A broader measure of unemployment also remains high. The underemployment rate, or the underutilization rate, is an alternative measure of unemployment to capture those who are underemployed (working less than full-time when a full-time position is preferred) and discouraged workers who would like to work but have temporarily stopped their search. Colorado's underutilization rate averaged 14.8 % from the second half of 2011 through the first half of 2012, below its peak of 15.7% in 2010 and the first part of 2011. The national underutilization rate in August was 14.7%.

Unemployment remains high despite sustained increases in job openings, providing evidence that the job market is less efficient than in other periods at matching job seekers with employers. The growth in job openings, as measured in Colorado by job advertisements posted online and nationally by job openings data from the U.S. Bureau of Labor Statistics' Job Openings and Labor Turnover Survey (JOLTS), is not being matched by job growth and a decrease in unemployment. This is likely due to several factors. There appear to be structural issues in the job market as employers and job seekers are less successful in meeting each other's needs compared with most previous periods. There is some evidence that there is a mismatch between the skill set and/or the geographic location of job seekers and the characteristics of job openings. A recent study from the Federal Reserve has indicated that up to one-third of the higher level of unemployment can be attributed to a mismatch between the skills of those seeking work and those needed by employers needing more workers. There is also some evidence of a mismatch between the wage expectations of individuals seeking work and the wages offered by employers.

The number of second quarter advertisements posted online in 2012 is 17% lower than the number of advertisements posted online before the recession at the end of 2007. At the same time, the 2012 unemployment rate is almost twice as high.

Job openings have increased at a faster pace in the current recovery than the recovery that began in 2003. At the same time, hiring has increased at only a slightly faster pace despite the much larger growth in openings. Thus, there is a larger gap between growth in openings and hires.

This discrepancy between openings and hires is larger than the recovery from the early 2000s recession when job growth was also slow to rebound. Once the process of matching unemployed and underemployed workers begins to speed up and experience more success, it will help the economy recover by enabling more employers to expand and providing individuals with higher incomes to buy goods and services. This will generate more positive feedback mechanisms and boost overall economic activity.

Industries with the largest demand for workers are led by computer and mathematical operations. Health care, computer and mathematical occupations, and retail and sales currently are posting the largest amount of job openings online.

According to the U.S. Bureau of Labor Statistics, the most growth in job openings nationally since the end of the recession have been in mining and manufacturing. These industries have seen the largest rebound and have helped propel the economic recovery. However, professional and business services, health care and social assistance, and retail sales also have experienced a relatively large increase in job openings.

As home construction has picked up, finding skilled construction workers is increasingly difficult likely in part because many former workers have moved into fields such as maintenance work or remodeling.

Both nationally and in Colorado, the relatively high number of openings that are not currently being filled are in industries requiring special skills or that cannot easily be automated, such as health care, computer and mathematical occupations, professional and business services, and manufacturing. This provides additional evidence that perhaps there are not enough workers currently available with the requisite skills to work in these industries.

Colorado appears to have less of a job market matching issue than some other areas of the United States, likely attributable in part to the fact that the State has a large concentration of educated workers. This is likely one reason Colorado's economy is outperforming the nation. According to a recent Brookings Institute study, metropolitan areas with lower education gaps, measured as the difference between the average years of education required by jobs with openings and the average years of education in an area, have lower overall unemployment rates. In the study, the Denver, Aurora, and Broomfield area had a gap of four percentage point gap while Colorado Springs had a two percentage point gap. Both were lower than the national average of five percentage points.

Businesses have been spending more on equipment and software than on labor during the current expansion. Business capital spending and hiring has historically trended closely together. However, recent national data suggests there has been a change in the relationship between business investment in equipment and software and private sector employment.

Firms typically reduce employees and decrease investment in equipment and software during recessionary periods and then increase investment and hire more employees during periods of expansion. However, as illustrated above, in the most recent recovery as firms moved to keep operations lean, they have not hired at the same rate as past recoveries. Many firms have increased labor productivity through automation, thus replacing workers with capital equipment. As output has returned to pre-recession levels, there is not the corresponding growth in employment as workers with jobs have become more productive. Over time, a more productive workforce will lead to stronger economic growth and thus more jobs.

The trend of increasing automation has profound implications for individuals with skills that are no longer needed by the job market and is contributing to the current high unemployment rate. Unfortunately, it may take a long period of time for the economy to generate new opportunities for the large number of dislocated workers due to this trend. Further, many workers will have to retrain to be qualified for many of the new jobs being created.

Business Investment. Private business investment is growing but still remains relatively low as measured by its portion of total economic activity. Private investment, a driver of economic growth both in the near and longer term, is used for the production of goods and services. Non-residential investment including investment in equipment and software and structures improves business practices and raises productivity. This generally leads to more income and profits that can then be used to sustain spending and investment which helps maintain economic growth.

Spending on nonresidential structures and investment in equipment and software is making gains as firms maintain and modernize technology and equipment and build new structures to expand operations. However, investment as a share of GDP is still low. The private sector continues to have elevated levels of uncertainty and lower expectations about the future, thus private investment will remain sluggish as business are less confident their investments will generate a sufficient return. Thus, with continued modest investment activity, the economy will likely continue to maintain lower levels of growth.

Through the first half of 2012, private business investment comprised 10.3% of GDP. However, from 1965 through 2000, private investment as a percentage of GDP averaged 11.3% annually. As shown, business investment has made up a smaller share of overall economic activity than this level throughout most of the 2000s.

The U.S. Commerce Department reported that new orders for manufactured durable nondefense capital goods orders excluding aircraft, an indicator of business spending, decreased in June and July. A representative from the machinery manufacturing industry noted in the most recent ISM survey of supply managers that there are indications of a continued slowdown in demand for capital equipment. Slower growth in new orders suggests sluggish output in the coming months as businesses spend less on investment and capital.

Household Income. Household income continues to grow, though at a slowing rate. After declining substantially during the recession, total personal income in both Colorado and the nation has been growing since the last quarter of 2009. The rate of growth has slowed since the first quarter of 2011. Slow income growth is an indicator of the sluggish recovery and will likely act as a continued headwind to the economy.

Real income growth per capita has been essentially flat. While data show that aggregate personal income is increasing, both Colorado and the nation have experienced minimal real, or inflation-adjusted, personal income growth since the recession. Real per capita income in Colorado and for the nation is only slightly above 2000's level, meaning that purchasing power has not materially increased. The State's personal income data has reflected larger declines during the recession and smaller increases through the current recovery than the nation as a whole.

Wage growth has varied by industry in Colorado. The relatively soft labor market has been accompanied by an environment of slow wage growth. Since 2001, only two major industries have seen compound average annual growth rates in real weekly wages of 1.5% or greater. These are the natural resources and mining industry and professional and business services. The average of the compound annual growth of real wages for all industries was less than one percent and was negative if the natural resources and mining sector is excluded. The fastest growing employment sectors between 2010 and 2011, aside from the natural resource and mining sector, were education and health services followed closely by leisure and hospitality.

Personal income for the nation will grow modestly at a rate of 3.9% in 2012. The growth rate will slow to 3.6% in 2013 as economic headwinds help keep wages and employment relatively flat. Personal income will grow slightly more in Colorado at a rate of 4.3% in 2012 and 4.0% in 2013.

Consumer Spending. Consumer spending at the national level slowed for much of the spring and early summer but has picked up in recent months. Household spending accelerated in July and August after several sluggish months. Spending on durable goods, such as vehicles, electronics, and appliances, has shown better performance. This has likely been supported by the continued extremely low interest rates and a pickup in home buying. Spending on durable goods can act as a leading indicator of broader

economic activity because it indicates consumers' willingness to make purchases of higher value that can be postponed more than other types of purchases in times of household belt tightening.

Retail sales growth in Colorado has continued to be surprisingly robust through the first six months of 2012. Retail trade sales in Colorado have been stronger than the nation, with spending growth distributed amongst most types of items. Notably, spending on building materials and furniture grew more in 2012 than the same period in 2011, likely as a result of increased housing activity. Spending on automobiles continued to grow at a strong pace in the first half of 2012. The only category of durable goods that declined was the sales of electronics and appliances.

Retail trade for the nation will finish 2012 having grown 5.4% but will grow just 3.7% in 2013. Colorado's retail trade will grow at a similar rate of 6.1% in 2012 and will slow to a 3.9% increase in 2013.

Household Debt. Household debt continues a downward trend but remains elevated. In the first quarter of 2012, American households continued reducing debt and repairing their balance sheets. The debt reduction process will remain a drag on economic activity as households dedicate money to paying down debt that could be used for other purposes. The per capita debt level of $36,477 in the first quarter of 2012 was about the same level as it was in mid-2006. However, even with continued household debt reduction, both total household debt and per capita debt remain well above historical levels.

The composition of household debt is changing. Consistent with the pattern seen in the wake of the economic downturn, households continue to reduce debt in uneven ways. Housing-related debt (mortgage loans and home equity revolving lines of credit) represents over three-quarters of overall household debt. This is a smaller share than at the end of 2011 when housing-related debt accounted for 83.4% of household debt.

A recent Federal Reserve Board working paper suggests that the decline in housing-related debt is largely due to a combination of continued defaults and low levels of mortgage originations rather than from consumers paying down or retiring housing-related debt. This finding is further supported by a study by the Federal Reserve Bank of Kansas City which found delinquency rate on mortgages was higher than for any other type of debt in the first quarter of 2012.

Growing student loan debt will reduce the future consumption capacity of households. While data show that households have reduced overall debt loads, an emerging student loan debt growth trend may have a lasting negative impact on the economy as it will limit consumption and other economic activities, such as the purchase of homes. Since 2003, total outstanding student loan debt in the United States has grown by 275%, from $241 billion to $904 billion.

The Housing Market. The housing market is improving and is no longer a drag on growth. Continued increased sales and construction activity over the summer has contributed to much needed strengthening in the housing market both nationally and in Colorado. As discussed in recent OSPB forecasts, the health of the housing market is a critical factor for economic recovery, and the activity in housing is still well below historical levels.

During the downturn in housing, real estate markets were characterized by tightening lending standards, weak demand for housing, and an alarming decline in home prices which precipitated a large amount of negative equity ("underwater" mortgages) and foreclosures. The collapse of the housing market created large inventories of homes for sale with a shrinking pool of homebuyers. This simultaneous increase in supply and decrease in demand placed sustained downward pressure on prices.

In recent months, historically low interest rates coupled with more attractive reduced home prices, facilitated an increase in the number of home sales. Data from the Colorado Association of Realtors shows home sales in the second quarter of 2012, the most recent quarter for which data is available, rose by 16% from the same period in 2011. At the national level, preliminary data from the National Association of Realtors showed that existing home sales in July had risen more than 10% from the same month in 2011.

A portion of the excess inventory of homes for sale from the aftermath of the housing boom and bust has been sold and the balance of supply and demand is beginning to return to a more positive dynamic. This is allowing home prices to appreciate somewhat in Colorado and in more areas of the country.

Home values are experiencing different trends across the State. While the State as a whole has shown consistently increased sales activity and price increases over the last few months, housing market performance has varied in different parts of the State based on local economies.

Negative equity is decreasing, which can generate economic benefits. One of the important impacts of recent home price appreciation is the decrease in negative equity realized by "underwater" borrowers. Recent data reported by CoreLogic, a prominent source of housing market data, shows that the 10.8 million negative equity mortgages that existed in the United States at the end of the second quarter of 2012 was 23.7% lower than the number of negative equity mortgages outstanding three months prior. Colorado accounted for nearly 209,000 negative equity mortgages and this number was down from approximately 237,000 such mortgages in the State at the end of the first quarter of 2012. Colorado had the fifteenth largest number of outstanding mortgage loans with 5% or less equity at the end of the second quarter of 2012.

The impacts of the appreciation in home values and greater home equity are numerous. Homeowners experience a positive "wealth effect" which can spur consumer spending. Additionally, with greater home equity, homeowners may have a greater ability to sell their home and move to areas with better job opportunities which will help improve the sluggish job market and unemployment situation. Further, greater home equity enables entrepreneurs to gain access to financing to start or expand a business.

Home price appreciation is likely to be modest. Although home prices have risen during the past few months, price increases are expected to be muted over the near term. Much of the recently observed price recovery is mostly due to the re-balancing of supply and demand in the housing market as a large number of buyers were attracted to the market by very low interest rates and market-clearing house prices. The increased building activity encouraged by higher prices will lead to growth in the supply of homes on the market. This, along with the other factors facing the housing market discussed in this section, will place some downward pressure on appreciation.

Rental vacancies remain very low, making homeownership more attractive and spurring multifamily home construction. During the economic downturn, more households chose to rent rather than make home purchases due to the high level of uncertainty regarding home prices and employment. Additionally, large numbers of mortgage defaults caused many homeowners to rent, and tighter lending standards made homeownership less possible. As a result, the number of vacant rental properties has fallen nationwide and in Colorado, causing a steady and relatively large increase in the cost of rent. This has made homeownership more attractive recently, as the cost of buying a home is in many cases more favorable when compared to renting.

Homebuilding activity has increased. As homebuilders see home prices rise, it becomes more attractive to begin construction of new homes, which also has positive ripple effects throughout the economy. Because housing construction is still at very low levels, the economic impacts will not be large. The data illustrates a recent trend of accelerating growth in permit issuance. This trend is stronger in Colorado than the national economy, likely supported by its relatively strong economic prospects and population growth.

The current strong market for rental housing also makes construction of new multi-family housing units more attractive, as illustrated by the growing number of new multi-family construction permits. This trend may be supported over the medium- to long-term by the presence of a growing number of homebuyers interested in smaller and more affordable homes than in the past, such as duplexes, townhomes, and condominiums. Also, a higher proportion of individuals and families are likely preferring to rent rather than own due to more negative perceptions of homeownership resulting from the housing bust. Further, renting provides flexibility in today's labor market which requires more flexibility and mobility than was the case in previous years.

Several factors will prevent a more robust housing recovery. While the housing market has begun to rebound both nationally and in Colorado, a booming recovery is not expected. As a primary factor in the health of the housing market, persistently high unemployment will restrain growth as many would-be home buyers will be unwilling or unable to obtain mortgage loans without long-term employment. In addition to sluggish job growth, any consequential rise in interest rates will act as a check on home price appreciation to the extent it makes homeownership less affordable.

Housing permits in Colorado will increase to 17,100 in 2012 and 21,100 in 2013 as builders respond to stabilizing home prices and a greater balance of supply and demand. National residential permits will experience slightly lower growth.

Price Levels. Overall price levels in Colorado and the nation have shown slow growth but are expected to increase. The consumer price index ("**CPI**") measures the change in retail prices for a basket of goods and services. Overall price increases in Colorado have been stronger than the nation's.

The U.S. Bureau of Labor Statistics reported that the CPI nationally increased 0.6% in August, the largest increase since June 2009. About 80% of the increase was accounted for by the cost of gasoline index, which rose 9.0%. Additionally, drought conditions throughout the crop growing season in 2012 have led to expectations that food prices will increase further during the latter part of 2012 through 2014. Higher fuel and food prices can hurt the economy as it results in fewer resources for other uses.

Producer prices are experiencing upward pressure. Increases in prices paid are beginning to be reported in the ISM's surveys of both manufacturing and non-manufacturing businesses. The manufacturing price index sharply increased by 14.5% in August, reflecting high prices of raw materials and food stuffs. This is the largest month-over-month increase since September 2005 and the first month since April that the index has reflected an increase in the price of raw materials. A representative from the food, beverage, and tobacco industry in the survey noted that the U.S. drought has severely impacted the price of raw materials. Prices paid by the non-manufacturing sector for purchased materials and services also experienced a sharp increase in August, jumping 9.4%. Higher producer prices drive up business costs and limit resources for other productive uses, inhibiting business growth.

The Denver-Boulder-Greeley Consumer Price Index will increase 2.2% in 2012 and 3.1% in 2013. Much of the increase is being driven by higher rental costs, commodity prices, and food prices. Nationally, consumer prices will increase 2.3% in 2012 and 2.9% in 2013. National producer prices will grow 3.0% in 2012 and 6.1% in 2013.

International Trade. Export growth continues, though the global slowdown has weakened demand for American goods. Through July, U.S. exports were up 6.8% and Colorado's exports were up 9.7% over the same period a year ago. These growth rates represent a slowing trend. As the European sovereign debt crisis persists and Asian economies soften, domestic producers are selling fewer products abroad. The ISM survey of national supply managers' new export orders index for manufacturing goods has indicated contraction for three consecutive months.

Exports to Asia and Europe are weak or dropping. However, Colorado's exports were sustained in part by a boom in the sale of engines and motor parts to countries in the North American Free Trade Agreement ("**NAFTA**"), which represent Colorado's largest trading partners.

Circuits and other electronic equipment, beef products, and medical equipment are Colorado's largest exports. Circuits and electronic equipment, the largest export category in terms of dollar value, decreased by 18.0% in the past year with major drops in Asia as manufacturers pulled back on production due to the slowing global economy and a high level of inventory. However, with rising incomes and a growing appetite for American beef products, fresh and frozen beef exports expanded by nearly 40% in Asian markets, though Colorado's recent drought may reduce future exports of agricultural goods and livestock until producers can rebuild their herds.

Colorado's export of services will continue to benefit the State. Colorado's strong services sector encompasses engineering, legal, accounting, technological, consulting, and other services. According to the Bureau of Economic Analysis ("**BEA**"), U.S. trade in services facilitated by improvements in information and communication technologies have grown more quickly than trade in all other services. Though data on Colorado's export of services is not available, the State's services have most likely benefited from improvements and cost reductions in these technologies, as well as growth in developing economies, such as Brazil, China, India, and other Asian economies.

ISM's new export orders index for services and non-manufacturing activities in the United States for August registered 52, indicating that the export of services continues to grow and has not yet been as negatively affected by the slowing global economy as the export of goods.

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

Investment of the State Pool

General. The investment of public funds by the State Treasurer is subject to the general limitations discussed in "STATE FINANCIAL INFORMATION – Investment and Deposit of State Funds." The State Treasurer has adopted investment policies further restricting the investment of State pool moneys, which includes the General Fund. The purpose of these investment policies is to limit investment risk by limiting the amount of the portfolio that may be invested in particular types of obligations, or in obligations of particular issuers or in particular issues, by imposing rating or financial criteria for particular types of investments more restrictive than those required by law, and by limiting the maximum term of certain types of investments. A minimum of 10% of the portfolio is required to be held in U.S. Treasury securities. Any reverse repurchase agreements may be for interest rate arbitrage only, and not for liquidity or leverage purposes. Each reverse repurchase agreement and the total investment it is arbitraged against must be closely matched in both dollar amount and term.

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

Fiscal Years 2011-12 and 2012-13 (First Three Months) Investments of the State Pool. The following tables set forth the investment by category of the moneys in the State pool as of the end of each month in Fiscal Year 2011-12 and the first three months of Fiscal Year 2012-13**.**

State of Colorado
State Pool Portfolio Mix
Fiscal Year 2011-12
(Amounts expressed in millions)[1]

	Jul 2011	August 2011	Sept 2011	Oct 2011	Nov 2011	Dec 2011	Jan 2012	Feb 2012	Mar 2012	April 2012	May 2012	June 2012
Agency CMOs	$ 218.4	$ 210.6	$ 202.5	$ 193.8	$183.0	$170.7	$158.2	$147.6	$135.4	$125.1	$114.3	$102.6
Commercial Paper	245.0	494.9	425.0	375.0	290.0	245.0	410.0	235.0	217.0	50.0	0.0	135.0
U.S. Treasury Notes	784.1	774.0	764.0	763.9	753.9	739.0	724.0	724.0	749.3	713.9	698.9	692.2
Federal Agencies	4,223.6	3,936.5	3,926.1	3,949.8	3,824.5	3,877.2	4,210.0	3,891.1	3,984.0	4,869.9	4,887.6	4,176.8
Asset-backed Securities	168.1	150.0	172.0	198.3	215.1	224.9	269.8	275.8	308.4	310.0	314.8	319.9
Money Market	0.0	0.0	0.0	0.0	0.0	0.0	0.0	40.0	40.0	40.0	0.0	0.0
Corporates	665.0	703.8	711.7	708.8	711.7	753.2	798.0	892.2	908.3	913.3	965.7	1,025.6
Certificates of Deposit	4.5	4.6	4.5	3.4	3.5	3.5	3.0	3.1	3.1	2.1	1.1	0.8
	$6,308.7	$6,274.4	$6,205.8	$6,193.0	$5,981.7	$6,013.5	$6,573.0	$6,208.8	$6,345.2	$7,024.3	$6,982.4	$6,452.9

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

Source: State Treasurer's Office

State of Colorado
State Pool Portfolio Mix
Fiscal Year 2012-13 (through September 2012)
(Amounts expressed in millions)[1]

	July 2012	Aug 2012	Sept 2012
Agency CMOs	94.0	90.0	85.0
Commercial Paper	50.0	50.0	0.0
U.S. Treasury Notes	703.9	718.9	674.0
Federal Agencies	4,631.2	4,450.3	4,493.7
Asset-Backed Securities	366.4	439.1	533.7
Money Market	0.0	0.0	0.0
Corporates	1,042.5	1,106.2	1,123.2
Certificates of Deposit	1.3	0.9	0.9
Totals	6,889.3	6,855.4	6,910.5

(1) This table includes all moneys in the State pool, which includes the General Fund 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. Amounts deposited in the Assistance Fund are also available for other purposes permitted by the Act, including, without limitation, defraying the cost of Projects. As of June 30, 2012, $127.55 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 2012, the Colorado State Land Board of Commissioners (the "**State Land Board**") reported that the State held 2.8 million surface acres and 4.0 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 (i) 50% of the gross amount of "Public School Lands Income" received during a fiscal year or (ii) 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 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 "**Rental Income**"); 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 following table shows the Rental Income and Royalties generated in each of the last three full Fiscal Years.

Rental Income and Royalties[1]

	Fiscal Year 2009-2010	Fiscal Year 2010-2011	Fiscal Year 2011-2012
Rental Income [2] [3]	$17,156,825	$ 15,461,137	$ 17,516,225
Royalties[2]	49,205,099	105,096,666	127,221,778
Total[4]	$66,361,924	$120,557,802	$144,738,000

(1) Unaudited.
(2) Includes interest earned on these revenues before they are distributed.
(3) Also includes timber sales.
(4) See the table under "Assistance Fund Details" in this Appendix which reflects the roughly 50% of Public School Lands Income deposited in the Assistance Fund in Fiscal Years 2009-10, 2010-11 and 2011-12. The variance for the entries in such table for "Rent and Royalties from State Land Board" and 50% of the total amounts shown above for such fiscal years is attributable to the fact that the State Land Board records the numbers above on an accrual basis and the Colorado Department of Education records the entries in the Assistance Fund on a cash basis.

Source: State Land Board

Revenues from Rental Income and Royalties are primarily derived from non-renewable resources. In addition to the prices of such resources, the sustainability and consistency of such revenues annually is dependent upon the management of such resources by the State Land Board, including adequate diversification of properties and the timely reinvestment of Public School Lands Income in additional income-producing property.

The Land Board is currently forecasting Rental Income and Royalties in Fiscal Year 2012-13 of $101.38 million and $19.47 million, respectively, for a total of $120.85 million. While there is some variability in Rental Income (particularly commercial rents), Rental Income is fairly consistent year to year. Income from Royalties, however, is highly variable primarily as a result of the volatile nature of bonus revenues from oil and gas auctions. For example, the Fiscal Year 2010-11 bonus revenue of $62.6 million was four times higher than any previous year. The Land Board is currently forecasting $53.4 million of bonus revenues in Fiscal Year 2012-13. There is no certainty that Rental Income and Royalties will exceed or meet forecasted levels in Fiscal Year 2012-13.

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.

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.

The BEST Lottery Share deposits to the Assistance Fund in each of the last three full Fiscal Years are provided in the table below. The cost of randomly-awarded prizes and the operational expenses of the lottery vary significantly from year to year, so the amount of Net Proceeds available for BEST Lottery Share deposits has been and may remain volatile. There is no certainty that the BEST Lottery Share will exceed or meet current levels. See "Assistance Fund Details" herein.

BEST Lottery Share[(1)(2)]

	Fiscal Year 2009-2010	Fiscal Year 2010-2011	Fiscal Year 2011-2012
BEST Lottery Share	$88,550	$662,230	$4,559,159

(1) Unaudited.
(2) Amounts reflected above were generated in the prior Fiscal Years, received in the Fiscal Year as shown and deposited in the Assistance Fund. See the table under "Assistance Fund Details" in this Appendix.

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, if any, 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 (a) cash delivered at the time the Certificates were delivered, (b) an obligation to pay Base Rent under the applicable Sublease subject to annual appropriation by the applicable Participating K-12 Institution, (c) bonds issued by the Participating K-12 Institutions and delivered to the State (the "**Matching Moneys Bonds**"), (d) an obligation to pay cash installments under the applicable Sublease or Participation Agreement, subject to annual appropriation by the applicable Participating K-12 Institution (the "**Matching Moneys Installment Payments**") or (e) other types of obligations permitted by the Act and approved by the Assistance Board. At or prior to the execution and delivery of the Series 2012H Certificates, Matching Moneys related to the Series 2012H Certificates will be credited to the Assistance Fund in the form of cash in the amount of $500,000. Additional Matching Moneys obligations relating to the Series 2012H Certificates are payable to the Assistance Fund in the future as Matching Moneys Bonds in the principal amount of $65,434,609. See "PLAN OF FINANCING – The Series 2012H Projects and Series 2012H Participating K-12 Institutions." Under the Subleases, if the Costs of a Sublessee's project are less than the amount of the moneys that may be withdrawn from the Sublessee's Project Account and the Assistance Fund (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 return of a portion of any cash payment of Matching Moneys or forgiveness of a portion of the Base Rent that would otherwise be payable under the respective Sublease, principal, premium, if any, and interest that would otherwise be due on the Sublessee's Matching Moneys Bond or Matching Moneys Installment Payments that would otherwise be payable under the respective Sublease, as applicable.

After the execution and delivery of the Series 2012H Certificates, an aggregate amount of approximately $191.2 million in future Matching Moneys Bonds relating to all Certificates will be outstanding. The related Participating K-12 Institutions have obtained voter approval for such Matching Moneys Bonds, so the payment of the related Matching Moneys will not be subject to annual appropriation by the Participating K-12 Institutions. Each of the Matching Moneys 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 Moneys Bonds without limitation as to rate and in an amount sufficient to pay the Matching Moneys Bonds when due. Based upon the opinion of bond counsel for the relevant Series 2012H Participating K-12 Institutions, the Matching Moneys 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 that has Matching Moneys Bonds constituting general obligation bonds opts not to participate, Section 22-41-110, C.R.S. (the "**Bond Payment Act**") is applicable. Each of the Participating K-12 Institutions that has Matching Moneys Bonds constituting general obligation bonds 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 Moneys Bond has not received a payment on the Matching Moneys 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 Moneys 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 Moneys 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 Moneys Bond.

If the State Treasurer makes a payment on a Matching Moneys 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 Moneys Bonds.

If the State Treasurer is required to make a payment on a Matching Moneys 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 Moneys 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 Moneys 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. Aggregate rent under the Prior Certificates and Series 2012H Certificates is not expected to reach 50% of the maximum amounts stated above.

Matching Moneys and other amounts deposited in the Assistance Fund do not directly secure payment of the Series 2012H Certificates. Once Matching Moneys payable in installments 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 the Series 2012H Certificates or for other purposes, including defraying the cost of Projects.

Amounts in the Assistance Fund are used for a variety of purposes including emergency grants, grants, operating expenses and other uses permitted by the Act.

Amendment 64

On November 6, 2012, Colorado voters approved an initiated State constitutional measure known as Amendment 64 which provides for the legalization of marijuana use for persons twenty-one years of age or older and the taxation and regulation of marijuana in a manner similar to alcohol. Amendment 64 directs the Colorado General Assembly to enact an excise tax upon certain marijuana transactions prior to January 1, 2017 at a rate to be determined by the General Assembly, but not to exceed 15%. Amendment 64 requires the first $40 million in revenues received annually from such excise tax be credited to the Assistance Fund. It is currently unclear what, if any, revenues to the Assistance Fund will result from the approval of Amendment 64 because (1) marijuana use in Colorado remains illegal under federal law, (2) it is not known if and when the General Assembly will enact the excise tax and the rate of such excise tax, (3) regulations on marijuana use under Amendment 64 have not yet been developed, and (4) there is no historical data on the transactions that might be subject to such an excise tax.

Assistance Fund Details

For Fiscal Years 2008-2009, 2009-2010, 2010-11 and 2011-12, the following table shows unaudited financial information relating to the Assistance Fund as of each June 30th:

Assistance Fund Details[1]

	As of June 30, 2009	As of June 30, 2010	As of June 30, 2011	As of June 30, 2012
Assets[2]	$65,208,102	$86,825,418	$113,899,079	$155,883,503
Liabilities[3]	4,176,407	25,938,190	12,548,253	28,347,959
Fund Balance	61,031,695	60,887,228	101,350,826	127,535,544
Commitments (Encumbrances)[4]	(5,508,524)	(6,200,407)	(10,020,037)	(22,370,840)
Available Fund Balance	55,523,171	54,686,821	91,330,789	105,164,704[5]
	Fiscal Year 2008-2009	**Fiscal Year 2009-2010**	**Fiscal Year 2010-2011**	**Fiscal Year 2011-2012**
Revenue:				
Transfers In for Grants and Construction Payments[6]	$43,993,284	$49,165,582	$89,472,288	$162,907,188
Rents and Royalties from State Land Board	35,195,168	33,196,010	60,261,217	72,357,278
Lottery	5,534,736	88,550	662,230	4,559,159
Matching Moneys	--	801,263	3,729,389	7,233,325
Interest and Other	1,327,275	2,603,504	1,736,089	1,685,631
Expenditures:				
Grants	20,051,549	16,942,768	15,809,202	9,520,863
Construction Payments[6]	--	57,230,488	87,006,448	177,290,625
Base Rent Payments	--	3,535,000	11,816,671	35,183,873
Administration and Other	4,967,219	8,291,120	765,293	861,197
Change in Fund Balance	$61,031,695	($144,467)	$40,463,598	$25,886,023

(1) This presentation is unaudited because the Assistance Fund is not statutorily authorized to publish audited financial statements. It has been prepared from the Assistance Fund's accounting records which are subject to audit as part of the State's Comprehensive Annual Financial Report audit.

(2) Primarily reflects cash and year-end accrued receivables. No portion of the Certificate proceeds are reported in this balance.

(3) Primarily reflects matching moneys on deposit from Participating K-12 Institutions and year-end accrued construction payments payable. Does not include Base Rent payments on the Certificates.

(4) Primarily reflects payment obligations for approved project costs that are not financed with proceeds of the Certificates.

(5) This available fund balance includes designations of cash on hand totaling $60.9 million. The designation of cash on hand consists of statutory requirements for BEST emergency funds, debt obligation payments, direct deposits held, and anticipated Fiscal Year 2012-13 cash distributions. The remaining undesignated fund balance is $44.2 million.

(6) The amount shown as Transfers In for Grants and Construction Payments in Fiscal Year 2008-09 represents monies the State General Assembly transferred to the Assistance Fund to be used for grants and other purposes. The amounts shown as Transfers In for Grants and Construction Payments in Fiscal Years 2009-10, 2010-11 and 2011-12 and as Construction Payments include Trustee payments directly to construction contractors from Certificate proceeds. The Certificate-related portion of these line items are equal and offsetting and have no effect on the Available Fund Balance of the Assistance Fund. The amounts are required to be recorded in the State's official book of record by the Assistance Fund in order to support the recording of capital assets subleased by the State Treasurer to Participating K-12 Institutions. Those capital assets collateralized the State's liability recorded pursuant to entering into the Leases with the Trustee.

Source: Colorado Department of Education; State Land Board

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 effect, directly or indirectly, on the affairs of the State or amounts deposited in the Assistance Fund.

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APPENDIX G
Leased Property Relating to Prior Certificates[1]

The following table describes the Leased Property subject to the Site Leases between the Trustee and the respective Participating K-12 Institutions relating to the Series 2009A Certificates, the Series 2010B Certificates, the Series 2010C Certificates, the Series 2010D Certificates, the Series 2010E Certificates, the Series 2010F Certificates and the Series 2011G Certificates (collectively, the "**Prior Certificates**").

Participating K-12 Institutions	Description of Leased Property	Land
Series 2009 A Certificates		
Alamosa School District No. Re-11J	Two elementary schools (144,688 sq. ft./72 classrooms)[2]	26.6-acre parcel of undeveloped land valued at $226,000
Sangre de Cristo School District Re-22J	One K-12 school (81,000 sq. ft/24 classrooms)[2]	40-acre parcel of agricultural land valued at $32,667
Sargent Re-33J	One junior/senior high school (62,463 sq. ft/18 classrooms)[2] [3]	1.2-acre parcel valued at $6,656
Series 2010B-C Certificates		
Alta Vista Charter School, Inc.	Addition to K-8 School[2] (18,000 sq. ft. + renovation)	7.4-acre parcel valued at $37,634
Colorado School for the Deaf and Blind	Historical Building Renovation[2] (6,000 sq. ft. addition/7 classrooms)	0.6-acre parcel valued at $55,756
Delta County Joint School District 50	Existing Elementary School[2]	10.5-acre parcel valued at $60,000
Douglas County School District, Re1	Existing Administrative Building[2]	2.1-acre parcel valued at $283,484
El Paso County School District No. 8	Existing Activity Center Building [2]	4.1-acre parcel valued at $78,000
Miami Yoder School District JT-60	Phase II of New PK-12 School (64,974 sq. ft.)[2]	2-acre parcel valued at $1,300
Park County School District Re-2	New PK-12 Campus (125,000 sq. ft./40 classrooms)[2]	9.8-acre parcel valued at $657,416
San Juan County School District No. 1	Renovate Historical K-12 School (21,500 sq. ft. bldg + 10,000 sq. ft. gym)[2]	1.1-acre parcel valued at $1,108,600
Swink School District No. 33	Elementary School Classroom Addition (5,800 sq. ft./6 classrooms)[2]	0.3-acre parcel valued at $230
Series 2010D-F Certificates		
Akron School District No. R-1	PK-12 school (108,700 sq. ft./32 classrooms)[2]	5.14-acre parcel of land valued at $125,300
Center Joint Consolidated School District No. 26	K-12 school (105,000 sq. ft./60 classrooms)[2]	14.3-acre parcel of land valued at $39,341
Holly School District RE-3	PK-12 School (73,631 sq. ft./42 classrooms)	23.0-acre parcel of land valued at $51,354

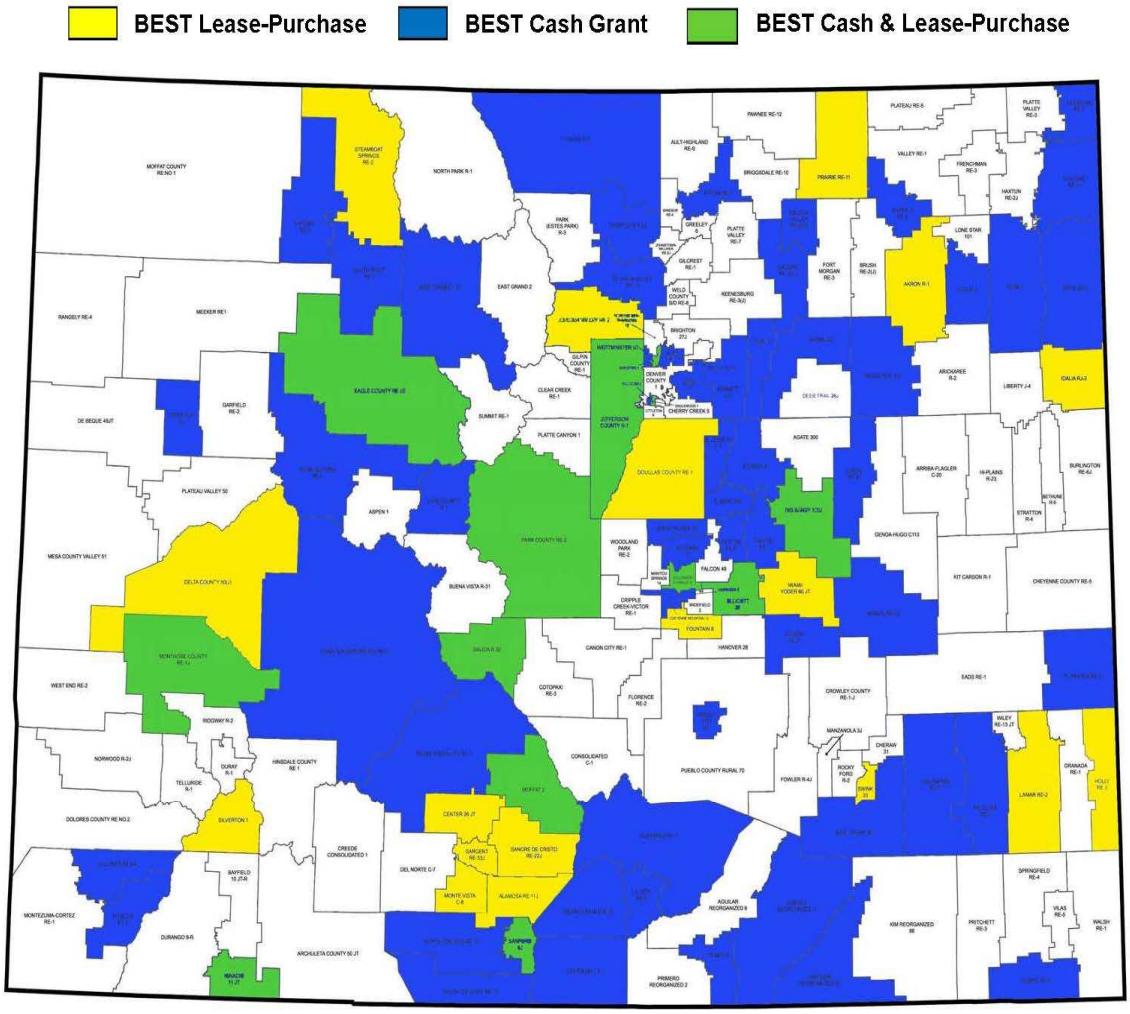
Participating K-12 Institutions	Description of Leased Property	Land
Lake George Charter School	PK-6 School (21,000 sq. ft./12 classrooms)[2]	10.0-acre parcel of land valued at $100,000
Mapleton School District	Partial campus improvements (404,250 sq. ft./121 classrooms affected)	34.8-acre parcel of land valued at $695,000
Monte Vista Consolidated School District No. 8	High School and Elementary School (128,531 sq. ft./ 56 classrooms)[2]	8.8-acre parcel of land valued at $504,733
North Routt Community Charter School	K-8 School (12,241 sq. ft./6 classrooms)[2] [3]	8.0-acre parcel of land valued at $60,000[3]
Salida School District R-32-J	High School (98,190 sq. ft. bldg./22 classrooms)[2]	14.5-acre parcel of land valued at $453,370
Vista Charter School	Grades 6-8 School (16,835 sq. ft./9 classrooms)[2]	2.3-acre parcel of land valued at $595,000
Series 2011G Certificates		
Big Sandy School District	New PK-12 School (83,412 sq. ft./34 classrooms)	33.9-acre parcel of land valued at $55,000
Eagle County Charter Academy	K-8 School (45,000 sq. ft./26 classrooms)	6.001-acre parcel of land valued at $304,550
Ellicott School	Middle School (74,466 sq. ft./27 classrooms)	8.61-acre parcel of land valued at $10,501
Englewood School District	High School (97,800 sq. ft./30 classrooms)	12.68-acre parcel of land valued at $1,601,788
Horizons School	K-8 Charter School Addition (37,725 sq. ft. with 10 classrooms)[3]	1.045-acre parcel of land valued at $133,266
Idalia School District	PK-12 Gym[3]	1.91-acre parcel of land valued at $291
Ignacio School District	Cafeteria, stage and kitchen addition	0.484-acre parcel of land valued at $21,054
Prairie School District	PK-12 School (57,764 sq. ft./20 classrooms)[3]	24.394-acre parcel of land valued at $2,486
Sanford School District	Bus barn and building	2.685-acre parcel of land valued at $2,658

(1) The Leased Property shown on this list, or any portion thereof, may be released and other property substituted therefor as described in "Substitution of Leased Property" under "SECURITY AND SOURCE OF PAYMENT." In some cases, the Leased Property is comprised of existing facilities which were not wholly or partially financed with the proceeds of the Certificates.

(2) These Projects have been cleared for occupancy and are currently in operation. Remaining Projects in this table have not been cleared for occupancy and are being funded from amounts remaining in the related Project Accounts and, in some cases, Matching Moneys that may be withdrawn from the Assistance Fund to pay Project costs.

(3) 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 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."

The following map shows the geographic distribution of the BEST projects[1] in the State.



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(1) Does not reflect Series 2012H Projects.

Source: Colorado Department of Education.

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APPENDIX H

Certain State Economic and Demographic Information

The following information was prepared and provided by Development Research Partners, Inc. to give prospective investors general information concerning selected economic and demographic conditions existing in the State as of the dates indicated. See also “INTRODUCTION – State Economic and Demographic Information.” The statistics have been obtained from the referenced sources and represent the most current information available as of June 2012 from the sources indicated; however, since certain information is released with a significant time lag, the information in some cases will not be indicative of existing or future economic and demographic conditions. Further, the reported data has not been adjusted to reflect economic trends, notably inflation. Finally, other economic and demographic information concerning the State not presented herein may be available, and prospective investors may want to review such information prior to making their investment decision. *The following information is not to be relied upon as a representation or guarantee of the State or any officer or employee of or advisor to the State*. See also "**Appendix E** – THE STATE GENERAL FUND – OSPB Revenue and Economic Forecasts."

Overview

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

The State’s population and wealth are concentrated in the Front Range, principally in four major metropolitan areas: Denver/Boulder, Colorado Springs, Fort Collins/Greeley, and Pueblo. Denver, the State’s capital, is the economic center of the State and the Rocky Mountain region. About 55 percent of the State’s population and 60 percent of its jobs are located in the Denver/Boulder metropolitan area, which is a hub for transportation, communication, financial activities, and professional and business services. The aerospace, bioscience, and energy industries are also key contributors to economic growth in the Denver/Boulder metropolitan area and the State as a whole.

The State’s economic performance depends heavily on economic performance at the national level. See also "**Appendix E** – THE STATE GENERAL FUND – OSPB Revenue and Economic Forecasts."

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Population and Age Distribution

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

Population Estimates (as of July 1)

	Colorado		United States	
	Population (millions)	% Change	Population (millions)	% Change
2000	4.34		282.16	
2001	4.44	2.4%	284.97	1.0%
2002	4.50	1.4%	287.63	0.9%
2003	4.56	1.1%	290.11	0.9%
2004	4.61	1.2%	292.81	0.9%
2005	4.66	1.2%	295.52	0.9%
2006	4.75	1.8%	298.38	1.0%
2007	4.82	1.6%	301.23	1.0%
2008	4.90	1.7%	304.09	1.0%
2009	4.98	1.5%	306.77	0.9%
2010	5.05	1.5%	309.33	0.8%
2011	5.12	1.4%	311.59	0.7%

Note: Figures for 2000 through 2010 are estimates. The U.S. 2011 count is an estimate, and the 2011 count for Colorado is a forecast.
Sources: Colorado Division of Local Government, State Demography Office; U.S. Census Bureau, Population Estimates Program.

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

Age Distribution as of July 1, 2011

	Colorado		United States	
	Population (millions)	% of total	Population (millions)	% of total
Under 18	1.24	24.1%	73.93	23.7%
18 to 24	0.49	9.6%	31.06	10.0%
25 to 44	1.45	28.3%	82.42	26.5%
45 to 64	1.36	26.6%	82.78	26.6%
65+	0.58	11.3%	41.39	13.3%
Total	5.12	100.0%	311.59	100.0%
Median Age	36.3		37.3	

Note: Totals may not add due to rounding.
Sources: Colorado Division of Local Government, State Demography Office; U.S. Census Bureau, Population Estimates Program.

Income

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

Per Capita Personal Income in Current Dollars[1]

	Colorado		Rocky Mountain Region[2]		United States	
	Income	% Change	Income	% Change	Income	% Change
2007	$42,724		$38,064		$39,506	
2008	$44,180	3.4%	$39,469	3.7%	$40,947	3.6%
2009	$41,388	-6.3%	$36,917	-6.5%	$38,846	-5.1%
2010	$42,295	2.2%	$37,807	2.4%	$39,937	2.8%
2011	$44,088	4.2%	$39,420	4.3%	$41,663	4.3%

[1]Per capita personal income is total personal income divided by the July 1 population estimate.
[2]The Rocky Mountain Region includes Colorado, Idaho, Montana, Utah, and Wyoming.
Source: U.S. Bureau of Economic Analysis.

Employment

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

Civilian Labor Force, Total Employment, and Unemployment Rates

	Colorado Civilian Labor Force (thousands)	% Change	Colorado Total Employment (thousands)[1]	% Change	Annual Average Unemployment Rate: Colorado	Annual Average Unemployment Rate: United States
2007	2,698.6		2,598.4		3.7%	4.6%
2008	2,737.3	1.4%	2,605.5	0.3%	4.8%	5.8%
2009	2,727.6	-0.4%	2,501.8	-4.0%	8.3%	9.3%
2010	2,687.4	-1.5%	2,447.7	-2.2%	8.9%	9.6%
2011	2,723.0	1.3%	2,497.3	2.0%	8.3%	8.9%
Year-to-date averages through April:						
2011	2,703.7		2,466.0		8.8%	9.3%
2012	2,710.4	0.2%	2,488.2	0.9%	8.2%	8.4%

[1]Includes the self-employed, unpaid family workers, and other groups not included in statistics that show employment by industry.
Sources: Colorado Department of Labor and Employment, Local Area Unemployment Statistics; U.S. Bureau of Labor Statistics.

The following table shows Colorado employment by industry from 2007 to fourth quarter 2011. Industry designations are based on the North American Industrial Classification System. Employment includes only those workers covered by unemployment insurance; most workers in the state are covered.

Average Number of Employees by Industry

Industry	2007	2008	2009	2010	2011	Year-to-Date 2010Q4	Year-to-Date 2011Q4	Year-to-Date % Change
Private Sector								
Agriculture, Forestry, Fishing, and	14,550	14,087	13,737	13,670	14,015	13,209	13,808	4.5%
Mining	25,019	28,335	24,004	24,232	27,789	25,500	29,584	16.0%
Utilities	7,950	8,221	8,404	8,266	8,138	8,256	8,115	-1.7%
Construction	167,717	161,814	131,001	115,111	112,232	115,655	114,826	-0.7%
Manufacturing	146,737	144,157	129,635	125,499	129,165	126,902	130,614	2.9%
Wholesale Trade	99,394	100,144	93,275	90,853	92,192	91,388	93,001	1.8%
Retail Trade	253,590	252,691	238,417	236,726	239,985	241,836	246,693	2.0%
Transportation and Warehousing	64,063	63,635	59,072	57,134	57,863	58,464	59,048	1.0%
Information	76,197	76,963	74,679	71,694	71,950	71,633	71,946	0.4%
Finance and Insurance	108,018	104,926	100,856	98,229	98,056	98,186	98,575	0.4%
Real Estate and Rental and Leasing	47,861	46,874	42,930	41,348	41,194	41,180	41,390	0.5%
Professional and Technical Services	170,603	176,440	169,561	167,505	172,096	169,313	174,700	3.2%
Management of Companies and	28,407	28,652	28,550	28,818	29,914	29,149	30,131	3.4%
Administrative and Waste Services	149,081	146,446	132,028	133,522	137,331	134,777	139,404	3.4%
Educational Services	26,975	27,701	28,049	28,979	30,145	29,662	31,278	5.4%
Health Care and Social Assistance	210,529	219,879	225,933	232,262	239,967	236,135	243,420	3.1%
Arts, Entertainment, and Recreation	44,627	45,656	44,555	44,621	45,564	42,041	43,193	2.7%
Accommodation and Food Services	225,787	227,251	217,785	217,976	225,702	217,415	224,452	3.2%
Other Services	67,043	68,503	65,701	65,278	66,134	64,943	65,966	1.6%
Unclassified	485	779	761	434	492	793	659	-16.9%
Government	358,016	367,712	372,472	374,911	373,154	376,676	375,935	-0.2%
Total*	**2,292,649**	**2,310,868**	**2,201,406**	**2,177,069**	**2,213,075**	**2,193,112**	**2,236,737**	**2.0%**

*Industry employment levels may not add to total due to rounding.
Source: Colorado Department of Labor and Employment, Quarterly Census of Employment and Wages.

The following table shows the largest private sector employers in Colorado as of 2011. No independent investigation has been made, and no representation is made herein as to the financial condition of the employers listed below or the likelihood that these employers will maintain their status as major employers in the state. Employment counts for these businesses may have changed since this table was compiled, and other large employers may exist in the State that are not included in the table.

Estimated Largest Private Sector Employers in Colorado (2011)

Employer	Type of Business	Estimated Employees[1]
Wal-Mart	General Merchandise	24,900
The Kroger Co. (King Soopers/City Market)	Supermarkets	18,500
Centura Health	Healthcare	12,500
HCA - HealthONE LLC	Healthcare	10,300
Safeway Inc	Supermarkets	9,500
Lockheed Martin	Aerospace & Defense Related Systems	8,800
CenturyLink	Telecommunications	7,900
Exempla Healthcare	Healthcare	7,300
Target Corporation	General Merchandise	7,100
Wells Fargo	Banking/Financial Services	6,300
Home Depot	Building Materials Retailer	6,200
Kaiser Foundation Health Plan of Colorado	Health Maintenance Organization	6,200
University of Denver	Private University	5,900
DISH Network LLC	Satellite TV & Equipment	5,000
Comcast Corporation	Telecommunications	5,000
United Airlines	Air Transportation	4,600
Oracle Corporation	Software & Network Computer Systems	4,400
University of Colorado Hospital[2]	Healthcare, Research	4,400
The Children's Hospital	Healthcare	4,400
IBM Corporation	Computer Systems & Services	4,200
Xcel Energy	Utility	3,700
Lowe's	Building Materials Retailer	3,700
United Parcel Service	Delivery Services	3,600
Vail Resorts	Leisure & Hospitality	3,600
Ball Corp	Containers, Aerospace	3,500
Frontier Airlines	Air Transportation	3,400

[1]Includes both full- and part-time employees.
[2]Some workers are also included in the employment count for the University of Colorado System (next table).
Source: Compiled by Development Research Partners from various sources, May 2012.

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The following table shows the largest public sector employers in Colorado as of 2011.

Estimated Largest Public Sector Employers in Colorado (2011)

Employer	Estimated Employees[1]
Federal Government	40,000
State of Colorado	33,500
University of Colorado System[2]	16,100
Denver Public Schools	13,100
Jefferson County Public Schools	11,700
City and County of Denver	10,900
US Postal Service	8,650
Cherry Creek School District No 5	7,800
Douglas County School District RE-1	7,100
Colorado State University	6,600
Denver Health	5,500
Adams 12 Five Star Schools	5,000
Colorado Springs School District 11	5,000
Aurora Public Schools	5,000
Colorado Springs Memorial Hospital	4,100
Boulder Valley School District RE-2	4,000
Poudre School District R-1	3,900
St. Vrain Valley School District RE-1J	3,900
City of Aurora	3,400
Mesa County Valley School District 51	3,400
Academy Schools District No 20	3,200
Jefferson County	2,800
Thompson School District R2J	2,700
City of Colorado Springs	2,500
Greeley School District No 6	2,400

[1]Includes both full- and part-time employees.
[2]Some workers are also included in the employment count for the University of Colorado Hospital (previous table).
Source: Compiled by Development Research Partners from various sources, May 2012.

Retail Sales

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

Colorado Gross and Retail Sales

	Gross Sales		Retail Sales	
	Amount (billions)	% Change	Amount (billions)	% Change
2007	$202.84		$148.91	
2008	$212.88	4.9%	$152.81	2.6%
2009	$184.56	-13.3%	$134.17	-12.2%
2010	$197.17	6.8%	$144.85	8.0%
2011	$209.34	6.2%	$154.17	6.4%
Year-to-date totals through February:				
2011	$26.76		$21.05	
2012	$28.71	7.3%	$22.59	7.3%

Source: Colorado Department of Revenue.

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

Colorado Retail Sales by Industry (millions) and Percentage Change from Prior Year[1]

Industry	2007	% Change	2008	% Change	2009	% Change	2010	% Change	2011	% Change	Year-to-date totals through February 2011	2012	% Change
Agriculture/Forestry/Fishing	341.1	12.5%	303.8	-10.9%	284.4	-6.4%	334.9	17.8%	376.9	12.5%	22.2	28.2	27.2%
Mining	2,955.1	31.9%	3,414.2	15.5%	2,226.6	-34.8%	2,531.1	13.7%	3,278.4	29.5%	372.9	527.6	41.5%
Utilities	6,312.3	15.7%	7,094.1	12.4%	6,706.0	-5.5%	10,371.8	54.7%	8,464.5	-18.4%	1,422.0	1,397.6	-1.7%
Construction	3,684.8	12.9%	3,770.0	2.3%	2,807.3	-25.5%	2,756.3	-1.8%	2,749.0	-0.3%	304.4	315.0	3.5%
Manufacturing	11,400.6	12.9%	11,757.8	3.1%	9,220.0	-21.6%	10,423.4	13.1%	14,625.0	40.3%	1,947.7	2,379.9	22.2%
Wholesale Trade	14,493.5	15.2%	14,491.1	0.0%	11,891.4	-17.9%	12,422.0	4.5%	13,076.8	5.3%	1,564.0	1,556.8	-0.5%
Retail Trade													
Motor Vehicle and Auto Parts	14,182.4	6.9%	12,156.8	-14.3%	10,254.5	-15.6%	11,293.5	10.1%	13,029.2	15.4%	1,829.1	2,035.0	11.3%
Furniture and Furnishings	2,573.8	3.7%	2,353.2	-8.6%	1,893.8	-19.5%	1,901.0	0.4%	2,020.9	6.3%	283.5	329.0	16.1%
Electronics and Appliances	2,304.7	11.1%	2,244.0	-2.6%	1,982.7	-11.6%	2,116.8	6.8%	2,335.2	10.3%	357.9	319.1	-10.8%
Building Materials/Nurseries	5,766.4	-0.9%	5,281.0	-8.4%	4,202.7	-20.4%	4,388.6	4.4%	4,556.3	3.8%	517.3	565.8	9.4%
Food/Beverage Stores	12,095.1	9.3%	12,927.4	6.9%	12,557.6	-2.9%	13,363.7	6.4%	14,242.5	6.6%	2,056.7	2,233.6	8.6%
Health and Personal Care	2,139.1	8.1%	2,268.8	6.1%	2,350.2	3.6%	2,529.7	7.6%	2,678.3	5.9%	379.1	383.9	1.3%
Gas Stations	5,230.0	7.2%	5,764.6	10.2%	4,002.1	-30.6%	4,693.2	17.3%	5,752.9	22.6%	751.5	833.3	10.9%
Clothing and Accessories	3,185.4	11.0%	3,108.1	-2.4%	2,892.9	-6.9%	3,118.0	7.8%	3,319.7	6.5%	440.8	459.6	4.3%
Sporting/Hobby/Books/Music	2,692.2	5.7%	2,579.4	-4.2%	2,367.6	-8.2%	2,487.2	5.1%	2,624.5	5.5%	392.5	388.3	-1.1%
General Merchandise/Warehouse	10,997.6	6.7%	11,334.9	3.1%	10,973.6	-3.2%	11,091.0	1.1%	11,718.3	5.7%	1,639.5	1,721.4	5.0%
Misc Store Retailers	2,450.4	1.9%	2,364.4	-3.5%	2,204.6	-6.8%	2,448.6	11.1%	3,077.1	25.7%	365.8	452.7	23.7%
Non-Store Retailers	3,715.0	12.6%	4,299.7	15.7%	2,794.2	-35.0%	2,337.7	-16.3%	1,466.5	-37.3%	254.1	231.7	-8.8%
Total Retail Trade	**67,332.1**	**6.9%**	**66,682.2**	**-1.0%**	**58,476.5**	**-12.3%**	**61,769.0**	**5.6%**	**66,821.4**	**8.2%**	**9,267.6**	**9,953.4**	**7.4%**
Transportation/Warehouse	829.4	-6.5%	756.2	-8.8%	585.7	-22.5%	527.2	-10.0%	541.4	2.7%	64.2	83.7	30.3%
Information	6,232.2	7.4%	6,983.6	12.1%	7,044.4	0.9%	6,889.5	-2.2%	6,270.4	-9.0%	873.4	935.8	7.1%
Finance/Insurance	2,299.9	8.5%	3,085.9	34.2%	2,845.4	-7.8%	3,207.1	12.7%	3,034.5	-5.4%	318.2	384.0	20.7%
Real Estate/Rental/Lease	3,647.3	7.5%	3,607.7	-1.1%	2,903.0	-19.5%	2,915.8	0.4%	3,152.9	8.1%	470.7	510.2	8.4%
Professional/Scientific/Technical	6,623.3	9.2%	6,861.0	3.6%	6,059.6	-11.7%	6,553.9	8.2%	6,486.6	-1.0%	786.9	745.8	-5.2%
Admin/Support/Waste/Remediation	1,745.7	21.0%	1,955.5	12.0%	1,794.7	-8.2%	1,823.3	1.6%	1,889.7	3.6%	215.3	198.7	-7.7%
Education	425.1	9.2%	461.6	8.6%	421.8	-8.6%	480.0	13.8%	488.1	1.7%	67.0	57.8	-13.7%
Health Care/Social Assistance	4,563.1	16.3%	5,275.3	15.6%	5,740.5	8.8%	6,000.9	4.5%	6,147.7	2.4%	876.3	905.9	3.4%
Arts/Entertainment/Recreation	952.6	7.0%	971.5	2.0%	903.8	-7.0%	955.4	5.7%	980.2	2.6%	137.8	144.1	4.6%
Accommodation	2,904.8	11.7%	3,033.8	4.4%	2,566.9	-15.4%	2,719.6	5.9%	2,990.2	9.9%	480.1	493.7	2.8%
Food/Drinking Services	8,042.5	8.0%	8,229.0	2.3%	7,976.5	-3.1%	8,333.4	4.5%	8,824.3	5.9%	1,345.1	1,443.1	7.3%
Other Services	3,825.9	9.9%	3,825.2	0.0%	3,472.6	-9.2%	3,569.1	2.8%	3,700.3	3.7%	479.3	495.1	3.3%
Government	299.3	-7.3%	249.6	-16.6%	241.6	-3.2%	263.6	9.1%	267.7	1.6%	33.9	32.1	-5.2%
Total All Industries	**148,910.8**	**9.7%**	**152,809.2**	**2.6%**	**134,168.7**	**-12.2%**	**144,847.3**	**8.0%**	**154,166.0**	**6.4%**	**21,048.9**	**22,588.5**	**7.3%**

[1]Some sales data are suppressed to protect confidentiality, so percentage changes reported may vary from the actual change that occurred in a given year.
Source: Colorado Department of Revenue.

Tourism

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

Colorado Tourism Statistics

	National Parks Visits[1]		Conventions[2] *Conventions*		*Delegates*		*Spending*		Skier Visits[3]	
	Number (millions)	% Change	Number	% Change	Number (thousands)	% Change	Amount (millions)	% Change	Number (millions)	% Change
2007	5.64		75		215.4		$429.1		12.57	
2008	5.45	-3.3%	75	0.0%	293.4	36.2%	$584.5	36.2%	12.54	-0.2%
2009	5.51	1.1%	66	-12.0%	244.7	-16.6%	$487.4	-16.6%	11.86	-5.5%
2010	5.70	3.4%	75	13.6%	267.6	9.4%	$533.1	9.4%	11.86	0.1%
2011	5.89	3.3%	82	9.3%	283.2	5.8%	$564.2	5.8%	12.28	3.5%

[1]Count of recreational visitors for all of the State's National Parks Service territories, which include national parks, monuments, historic sites, and recreation areas.
[2]Includes only those conventions held at the Colorado Convention Center.
[3]Count of skier visits for the season ending in the referenced year.
Sources: National Parks Service; VISIT DENVER, The Convention and Visitor's Bureau; Colorado Ski Country USA; Vail Resorts, Inc.

Residential Housing Starts

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

New Privately Owned Housing Units Authorized in Colorado

	1 Unit	2 Units	3 & 4 Units	5+ Units	Total Building Permits	% Change
2007	20,516	448	411	8,079	29,454	
2008	11,147	290	181	7,380	18,998	-35.5%
2009	7,261	142	93	1,859	9,355	-50.8%
2010	8,790	276	136	2,389	11,591	23.9%
2011	8,723	266	127	4,386	13,502	16.5%
Year-to-date totals through April:						
2011	2,627	96	20	887	3,630	
2012	3,398	78	49	2,477	6,002	
% change	*29.3%*	*-18.8%*	*145.0%*	*179.3%*	*65.3%*	

Source: U.S. Census Bureau.

Residential Foreclosures

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

Because a foreclosure filing can be cured or withdrawn before the home is sold at auction, not all filings result in foreclosure sales. Foreclosure sales at auction generally proceed between 110 and 125 days after the initial filing. Once a foreclosure sale is completed, the eviction process begins.

Foreclosure Filings and Sales in Colorado

	Foreclosure Filings[1]	% Change	Foreclosure Sales at Auction	% Change
2007	39,920		25,054	
2008	39,333	-1.5%	21,306	-15.0%
2009	46,394	18.0%	20,437	-4.1%
2010	42,692	-8.0%	23,891	16.9%
2011	31,878	-25.3%	19,622	-17.9%
Year-to-date totals through first quarter:				
2011	8,079		5,605	
2012	7,783	-3.7%	4,221	-24.7%

[1]Some filings may have been subsequently cured or withdrawn and may not have resulted in sales at auction.
Note: Various foreclosure moratoria were enacted in late 2008 and early 2009. As a result, filing and sales activity during those periods may appear inconsistent with activity in other periods. Over-the-year percentage changes should be interpreted with caution.
Source: Colorado Division of Housing.

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APPENDIX I

STATE PENSION SYSTEM

*The information included in this Appendix relies on information compiled and presented in the Public Employees' Retirement Association ("**PERA**") Comprehensive Annual Financial Report for the Plan Year ended December 31, 2011 (the "**PERA 2011 CAFR**") (the latest period for which audited information for the Plan is available) which is prepared by PERA staff employees and by the firm Cavanaugh Macdonald Consulting, LLC, PERA's independent actuary, and which is audited by KPMG, LLP, PERA's independent public accounting firm. The valuation and other assessments of PERA constitute forward-looking information as described in the inside cover of this Official Statement because they are based on assumptions about future events. The assumptions underlying the valuation and assessment may prove to be inaccurate and may be changed by PERA and its representatives and consultants to reflect actual results and future projections as additional information becomes available. The State takes no responsibility for the accuracy, validity or completeness of such information, valuations, and assessments.*

General Description

Overview. The State of Colorado (the "**State**"), like most other state and local governments, provides post-employment benefits to its employees based on their work tenure and earnings history. By statute, the State created PERA, which administers cost-sharing, multiple-employer defined benefit plans to provide retirement, death and disability benefits through the State Division Trust Fund (for State employees) (the "**State Division**"), the School Division Trust Fund (for employees of school districts), the Local Government Division Trust Fund (for employees of numerous municipalities and other local governmental entities), the Judicial Division Trust Fund (for judges in the State), and the Denver Public Schools Division (for employees of the Denver Public Schools). The defined benefit plan for the State Division is referred to herein as the "**Plan**." As described in more detail under the caption "Funding and Contributions" below, the Plan is funded with payments made by the State and by each employee, the amount of which are determined and established by statute. Benefits provided through the Plan are paid from the State Division. State employees hired after 2005 may, in lieu of participating in the Plan, elect to participate in a defined contribution plan (the "**DC Plan**") which is also administered by PERA. However, the majority of State employees participate in the Plan. See Notes 1 and 8 to the PERA 2011 CAFR for a discussion of the membership in the Plan and in the DC Plan, respectively. The State has no obligation to make contributions or fund benefits in divisions other than the State Division and Judicial Division of PERA. Because the majority of State employees participate in the Plan and not in the DC Plan, and the number of judges employed by the State that participate in the Judicial Division is relatively small in comparison to the number of other State employees, the disclosure in "DEBT AND CERTAIN OTHER FINANCIAL OBLIGATIONS – Pension and Post-Employment Benefits" in the body of this Official Statement and in this Appendix relates only to the Plan. See Note 20 to both the State's Fiscal Year 2010-11 CAFR and the State's unaudited Fiscal Year 2011-12 BFS attached as **Appendix A** to this Official Statement and Note 8 to the PERA 2011 CAFR for a discussion of the DC Plan. The information in the State's Fiscal Year 2010-11 CAFR is based on PERA's Comprehensive Annual Financial Report for calendar year 2010; however, the information in this State's unaudited Fiscal Year 2011-12 BFS and the information in this Appendix has been updated for the information provided in the PERA 2011 CAFR released in June 2012.

The State does not participate in the federal Old-Age, Survivors and Disability Insurance (Social Security) program.

PERA. PERA is a statutorily created legal entity that is separate from the State (as further described in Title 24, Article 51, C.R.S.). PERA was established in 1931 and has fiduciary responsibility for several separate divisions, including the State Division, the School Division, the Local Government Division, the Judicial Division and the Denver Public Schools Division. The State represents the majority, but not all, of the State Division employers and employees. Each division operates as a separate legal trust. PERA also operates two cost-sharing, multiple-employer post-employment benefit plans through the Health Care Trust Fund and the Denver Public Schools Health Care Trust Fund that provide health care premium subsidies to participating PERA benefit recipients who choose to enroll in one of PERA's health care plans. PERA's financial statements, which include all of its divisions and trusts, may be obtained by writing to PERA at P.O. Box 5800, Denver, Colorado 80217-5800, by calling the PERA Infoline at 1-800-759-7372 or by visiting http://www.copera.org. **The reference to the website of PERA is included herein for informational purposes only, and information available at such website or in PERA's financial statements, or any information provided by PERA, is not incorporated in this Official Statement by reference or otherwise. The State makes no representations regarding the accuracy of the information available at such website.**

Plan Provisions

In response to funding challenges, the General Assembly has enacted changes to Plan benefits at various times. Some of such changes have been applied prospectively to newly hired employees. As a result, there are several tiers of employee benefits and related provisions that are based on employee hire dates and other factors. See Notes 18, 19 and 20 to both the State's Fiscal Year 2010-11 CAFR and the State's unaudited Fiscal Year 2011-12 BFS appended to this Official Statement, the PERA 2011 CAFR and Title 24, Article 51, C.R.S., for a discussion of the various tiers of benefits under the Plan.

Funding and Contributions

Statutorily Required Contribution. The State's contributions to the Plan are based on percentages of employee wages, which percentages are set by statute. Such contribution percentages are referred to herein as the "Statutorily Required Contribution," or the "SRC," of the State. The baseline SRC that is made by the State for most State employees is 10.15% of each employee's salary for Fiscal Years 2009-10 and 2010-11. As discussed under "Annual Required Contribution" below, the SRC is lower than the actuarially computed Annual Required Contribution ("**ARC**"). The State has paid 100% of the SRC for each of Fiscal Years 2007-08 through 2011-12. See Note 18 to the State's Fiscal Year 2010-11 CAFR and the State's unaudited Fiscal Year 2011-12 BFS appended to this Official Statement for a summary of the SRC percentages payable by, and percentage amounts paid by, the State for such Fiscal Years. As required by statute, State employees generally contribute 8.0% of their wages to the Plan; however, for Fiscal Years 2010-11 and 2011-12, the employee contribution percentage was increased to 10.5% of the employee's wages. The 2.5% increase in contribution percentage by employees replaced a 2.5% reduction in the State contribution for such Fiscal Years. The employee contribution rates reverted to pre-Fiscal Year 2010-11 levels effective July 1, 2012, and the State will return to paying the 2.5% as part of the SRC. No assurance can be given regarding whether the General Assembly, through legislative action, will or will not further modify the amounts required to be contributed to the Plan by the State and its employees in any given year.

The State enacted legislation in 2004 and 2006 to gradually increase employer contributions to the Plan by authorizing the Amortization Equalization Disbursement (the "**AED**") and the Supplemental Amortization Equalization Disbursement (the "**SAED**") to reduce the amount of time over which funding shortfalls in the Plan would remain outstanding. Both the AED and SAED are paid by the State as contributions to the Plan, but the SAED payment comes from moneys that would otherwise have been used to provide market-based salary increases to employees. When and if the scheduled increases in AED and SAED are fully implemented at the end of 2017, the total State contribution to the Plan will be equal to

20.15% of employee wages. See Note 18 to both the State's Fiscal Year 2010-11 CAFR and the State's unaudited Fiscal Year 2011-12 BFS appended to this Official Statement for a discussion of the AED and SAED.

Annual Required Contribution. The Annual Required Contribution, or "**ARC**," is the amount required if the State were to fund each year's normal cost (*i.e.*, the present value of the benefits that the Plan projects to become payable in the future that are attributable to a valuation year's payroll) in the Plan plus an annual amortization of the unfunded actuarial accrued liability ("**UAAL**"), assuming that the UAAL will be fully funded over a 30-year period. The ARC is designed to quantify the current liability for future benefit payments associated with a defined benefit plan, and is based on accounting standards which generally allow a maximum period of 30 years to fund shortfalls in the market or actuarial value of the Plan's assets. As a result, the ARC is greater than the SRC because it results in a 30-year amortization period of the UAAL instead of a 56-year amortization period (at December 31, 2011, based on contribution rates, as of the date of calculation). The ARC amount varies from year-to-year as the investment market changes and the value of Plan assets changes, and is different from the SRC which, as described above, is set by statute and changed only when the General Assembly determines that the SRC will result in overfunding or underfunding of the Plan over the long term. As shown in Table 1 below, the State consistently makes the SRC, but in recent years it has not contributed the ARC.

Historical State Contributions. The following table shows (i) the ARC and SRC for the Plan over each of the ten years through December 31, 2011, (ii) the State's contributions expressed as a percentage of the ARC and (iii) the difference between the ARC and the State's actual contributions.

Table 1
Employer Contributions
State and School Division 2002 through 2005; State Division 2006 through 2011
(Dollar amounts in thousands)

Plan[1]	Calendar Year	Annual Required Contribution (ARC)[2]	Statutory Required Contribution (SRC)[3]	Actual Employer Contribution	Actual Contribution as a Percent of ARC	Amount Unfunded ARC-Actual Employer Contribution
State Division	2011	$326,274	$283,222[4]	$283,222	86.81%[6]	$ 43,052
State Division	2010	452,821	287,624[5]	287,624	63.52	165,197
State Division	2009	426,999	297,240	297,240	69.61	129,759
State Division	2008	437,537	270,353	270,353	61.79	167,184
State Division	2007	385,352	232,997	232,997	60.46	152,355
State Division	2006	405,800	208,795	208,795	51.45	197,005
State and School Division	2005	918,466	491,031	491,031	53.46	427,435
State and School Division	2004	918,025	452,991	452,991	49.34	465,034
State and School Division	2003	571,156	387,920	387,920	67.92	183,236
State and School Division	2002	315,825	315,825	315,825	100.00	--

[1] Prior to 2006 the State Division and School Division of PERA were combined and actuarial valuations were not done separately for the State or for schools.

[2] In accordance with GAAP, results in amortization of UAAL over 30 years. Based on annual actuarial valuation two years prior to the calendar year shown.

[3] The SRC for the State Division is higher for State troopers than for other State employees. However, the number of State troopers employed by the State is small in comparison to the number of other State employees, so the State contribution for these employees is combined with other State Division employees in this table.

[4] Results in amortization of UAAL over 56 years as of December 31, 2011. Based upon an investment return assumption of 8%. The PERA 2011 CAFR also calculates the ARC and UAAL based upon different assumed interest rates.

[5] Results in amortization of UAAL over 47 years as of December 31, 2010.

[6] Increase in percentage contributed over 2010 is primarily related to changes required by SB 10-001.

Source: PERA Comprehensive Annual Financial Reports for calendar years 2005, 2010 and 2011.

Plan Assets, Liabilities and Funding Levels

At December 31, 2011 (the latest period for which audited information for the Plan is available), based on PERA's 2011 CAFR for the Plan, the actuarial value of the Plan assets and the actuarial accrued liability ("**AAL**") of the Plan were approximately $12.0 billion and $20.8 billion, respectively, resulting in a UAAL of approximately $8.8 billion and a funded ratio of 57.7%, assuming an investment rate of return of 8%. The UAAL would amortize over a 56-year period based on contribution rates as of the date of calculation (*i.e.*, contributions equal to the SRC). The actuarial value of assets for the Plan uses an asset valuation method of smoothing the difference between the market value of assets and the actuarial value of assets to prevent extreme fluctuations that may result from short-term or cyclical economic and market conditions. Accordingly, the full effect of recent fluctuations in Plan assets as a result of economic and market conditions is not reflected in the funded ratio of 57.7%. At December 31, 2011, the funded ratio of the Plan based on the market value of assets was 57.6%, representing a UAAL of $8.8 billion. Table 2 below sets forth for each of the ten years through December 31, 2011, the UAAL, funded ratio and related information for the Plan based on the actuarial value of Plan assets. Table 3 below sets forth for each of the ten years through December 31, 2011, the UAAL, funded ratio and related information for the Plan based on the market value of Plan assets.

When calculating the funding status of the Plan as summarized in Table 2 below, the PERA 2011 CAFR indicates that the following actuarial assumptions, among others, were used : (1) the actuarial cost method is based on the entry age of participants; (2) the Plan's UAAL is amortized as a level percent of payroll, on an open basis, over a 30-year period; (3) for valuation purposes the actuarial value of assets is based on gains and losses smoothed in over a four-year period; (4) projected salary increases are expected to range from 4.50% to 10.17%; (5) the rate of inflation is assumed to be 3.75% and the rate of productivity increase is 0.75%; however, both are included in the assumed 8.00% rate of investment return and in the projected salary increases; (6) an 8% assumed rate of return on investments; and (7) cost of living adjustments are assumed to be 2.00% per year. The PERA 2011 CAFR also calculates the ARC and UAAL based upon different assumed rates of interest. See Notes 10 and 11 to the PERA 2011 CAFR for a discussion of the actuarial methods and assumptions used in calculating the funding status of the Plan. No assurance can be given that any of the assumptions underlying the actuarial valuations of the Plan will reflect the actual results experienced by the Plan. Variances between the assumptions and actual results may cause an increase or decrease in the actuarial value of plan assets, the AAL, the UAAL, the funded ratio or the ARC.

Table 2
Historical Funding Progress
Actuarial Value of Plan Assets
State and School Division 2002 through 2004; State Division 2005 through 2011
(Dollar Amounts in Thousands)

Plan[1]	Date Ending December 31	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Employer Payroll	UAAL as a Percentage of Employer Payroll
State Division	2011	$12,010,045	$20,826,543	$8,816,498	57.7%	$2,393,791	368.3%
State Division	2010	12,791,946	20,356,176	7,564,230	62.8	2,392,080	316.2
State Division	2009	13,382,736	19,977,217	6,594,481	67.0	2,384,137	276.6
State Division	2008	13,914,371	20,498,668	6,584,297	67.9	2,371,369	277.7
State Division	2007	14,220,681	19,390,296	5,169,615	73.3	2,236,518	231.1
State Division	2006	13,327,290	18,246,010	4,918,720	73.0	2,099,325	234.3
State Division	2005	12,536,916	17,541,744	5,004,828	71.5	2,064,764	242.4
State and School Division	2004	28,594,699	40,783,531	12,188,832	70.1	5,303,439	229.8
State and School Division	2003	28,522,222	37,914,502	9,392,280	75.2	5,140,918	182.7
State and School Division	2002	28,551,607	32,463,918	3,912,311	87.9	5,278,586	74.1

[1] Prior to 2006 the State and School Divisions of PERA were combined as one division and actuarial valuations were not done separately for the State or for Schools.

Source: PERA Comprehensive Annual Financial Reports for calendar years 2005, 2010 and 2011

Table 3
Historical Funding Progress
Market Value of Plan Assets
State and School Division 2002 through 2005; State Division 2006 through 2011
(Dollar Amounts in Thousands)

Plan[1]	Valuation Date (December 31)	Market Value of Assets[2]	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Employer Payroll	UAAL as a Percentage of Employer Payroll
State Division	2011	$12,001,770	$20,826,543	$8,824,773	57.6%	$2,393,791	368.7%
State Division	2010	12,487,105	20,356,176	7,869,071	61.3	2,392,080	329.0
State Division	2009	11,611,758	19,977,217	8,365,459	58.1	2,384,137	350.9
State Division	2008	10,508,301	20,498,668	9,990,367	51.3	2,371,369	421.3
State Division	2007	14,852,029	19,390,296	4,538,267	76.6	2,236,518	202.9
State Division	2006	14,041,260	18,264,010	4,222,750	76.9	2,099,325	201.1
State and School Division	2005	31,956,662	43,505,716	11,549,054	73.5	5,305,978	217.7
State and School Division	2004	30,019,896	40,783,531	10,763,635	73.6	5,303,439	203.0
State and School Division	2003	27,123,836	37,914,502	10,790,666	71.5	5,140,918	209.9
State and School Division	2002	22,023,781	32,463,918	10,440,137	67.8	5,278,586	197.8

[1] Prior to 2006 the State and School Divisions of PERA were combined as one division and actuarial valuations were not done separately for the State or for schools.

[2] Market Value of Assets is net of related current liabilities at the financial statement date and equals net assets held in trust for beneficiaries.

Source: PERA Comprehensive Annual Financial Reports for calendar years 2002 through 2011

The following table provides PERA's change in net position for the Fiscal Years 2002 through 2011.

Table 4
PERA Changes in Net Position[1]
(Dollar Amounts in Thousands)

State and School Division Trust Fund[2]

ADDITIONS	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Employer contributions	$315,825	$387,920	$452,997	$491,031	$208,795	$232,997	$270,353	$297,240	$287,624	$283,222
Member contributions	397,315	405,715	411,376	425,657	169,965	179,971	191,481	194,168	223,240	258,678
Purchased service	329,572	695,516	192,033	212,971	39,480	8,259	13,315	8,830	12,496	11,277
Investment income (loss)	(3,099,924)	5,203,073	3,663,632	2,827,871	1,921,863	1,388,265	(3,745,843)	1,742,571	1,553,142	232,669
Other	5	3	30	(9)	1	4	7	3	1	331
Total additions	(2,057,207)	6,692,227	4,720,068	3,957,521	2,340,104	1,809,496	(3,270,687)	2,242,812	2,076,503	786,177
DEDUCTIONS										
Benefit payments	1,307,652	1,469,343	1,677,417	1,872,565	849,229	925,761	999,279	1,071,725	1,122,435	1,174.707
Refunds	88,793	99,039	108,136	114,968	65,911	56,578	56,716	58,416	68,844	70,090
Disability insurance premiums	4,070	3,592	4,186	4,038	1,772	1,833	1,794	2,004	1,661	1,685
Administrative expenses	17,752	19,750	20,949	18,811	7,889	6,963	8,639	8,729	8,942	8,685
Other	1,649	448	13,320	10,373	3,103	7,592	6,613	(1,519)	(726)	(4,546)
Total deductions	1,419,916	1,592,172	1,824,008	2,020,755	927,904	998,727	1,073,041	1,139,355	1,201,156	1,250,621
Change in net position available	(3,477,123)	5,100,055	2,896,060	1,936,766	1,412,200	810,769	(4,343,728)	1,103,457	875,347	(464,444)
Net position at beginning of year	25,500,904	22,023,781	27,123,836	30,019,896	12,629,060	14,041,260	14,852,029	10,508,301	11,611.758	12,487,105
Net position at end of year	$22,023,781	$27,123,836	$30,019,896	$31,956,662	$14,041,260	$14,852,029	$10,508,301	$11,611,758	$12,487,105	$12,022,661

(1) The above table is presented on a cash basis.
(2) The State and School Division Trust Funds merged on July 1, 1997, and separated on January 1, 2006.

Source: PERA Comprehensive Annual Financial Report for calendar year 2011.

Investment of Plan Assets

State Law authorizes the investment of PERA's funds by the PERA Board, subject to the following limitations:

- The aggregate amount of investment trust shares, corporate stocks, corporate bonds, and convertible debentures cannot exceed 65% of the book value of the fund.

- Neither common nor preferred stock of a single corporation can exceed 5% of the book value of the fund.

- The fund cannot acquire more than 12% of the outstanding stocks or bonds of a single corporation.

See Note 5 and the Investment Section of the PERA 2011 CAFR for additional discussion of PERA's investment responsibilities and investment policies.

Current Litigation Affecting the PERA Act

The State, PERA and others are defendants in a class action lawsuit brought in Denver District Court by several PERA retirees challenging the constitutionality of a provision of SB 10-001 which amended the PERA Act to reduce the annual cost of living adjustment increase payable to existing and future PERA retirees in an effort to reach a 100% funded ratio within 30 years. See "Plan Assets, Liabilities and Funding Levels" above. In June 2010, the District Court granted summary judgment in favor of the defendants and the plaintiffs appealed. In October 2012, the Colorado Court of Appeals reversed the District Court decision finding the plaintiffs have a contractual right to the cost of living adjustment increases, and remanded the case back to the District Court to determine if the reduction was a substantial impairment and whether the reduction was reasonable and necessary to serve a significant and legitimate public purpose. See Note 7 to the PERA 2011 CAFR for a discussion of this litigation.