

The portion of Base Rent paid by the State which is designated and paid as interest on the Series 2010B Certificates is included in gross income for federal income tax purposes. 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 2010C Certificates is excludable from gross income for federal income tax purposes is not a specific preference item for purposes of the federal alternative minimum tax and is not included in adjusted current earnings for purposes of the federal alternative minimum tax imposed on corporations. Under existing Colorado statutes: the interest received and other income of the Owners of the Series 2010B Certificates with respect to their undivided interests in the Base Rent paid by the State under the Leases are exempt from taxation and assessments in the State of Colorado; and the interest received by the Owners of the Series 2010C Certificates with respect to their undivided interests in the Base Rent that is designated and paid as interest under the Leases that is excludable from gross income for federal income tax purposes is excludable from gross income for Colorado income tax purposes and from the calculation of Colorado alternative minimum taxable income. Bond Counsel expresses no opinion regarding other tax consequences related to the ownership or disposition of Series 2010B-C Certificates. See "TAX MATTERS" herein.

\$85,715,000

**STATE OF COLORADO
BUILDING EXCELLENT SCHOOLS TODAY
CERTIFICATES OF PARTICIPATION
TAXABLE BUILD AMERICA SERIES 2010B**

\$13,970,000

**STATE OF COLORADO
BUILDING EXCELLENT SCHOOLS TODAY
CERTIFICATES OF PARTICIPATION
TAX-EXEMPT SERIES 2010C**



Dated: Date of Delivery

Due: March 15, as shown on the inside cover

The Series 2010B Certificates and the Series 2010C Certificates (together, the "**Series 2010B-C Certificates**") are being executed and delivered as fully registered certificates in denominations of \$5,000, or any integral multiple thereof. The Series 2010B-C Certificates bear interest at the rates set forth herein, payable on September 15, 2010, 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 2010B-C Certificates are redeemed earlier) by check or draft mailed to the registered owner of the Series 2010B-C Certificates, initially Cede & Co., as nominee of The Depository Trust Company, New York, New York ("**DTC**"), securities depository for the Series 2010B-C Certificates.

DTC initially will act as securities depository for the Series 2010B-C Certificates. Individual purchases will be made in book-entry form only. Purchasers of the Series 2010B-C Certificates will not receive physical delivery of certificates, all as more fully described herein. Payments on the Series 2010B-C 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 2010B-C 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 2010B-C Supplemental Indenture attached as Appendix B to this Official Statement.*

Maturity and interest rate information for the Series 2010B-C Certificates is located on the inside cover page of this Official Statement.

The Series 2010B-C Certificates will be executed and delivered 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**") and a Series 2010B-C Supplemental Trust Indenture (the "**2010B-C Supplemental Indenture**"), dated as of the date of delivery of the Series 2010B-C Certificates by Zions First National Bank, Denver, Colorado, as trustee (the "**Trustee**"). (The Master Indenture, as supplemented by the 2009A Supplemental Indenture and 2010B-C Supplemental Indenture and as further supplemented and amended from time to time, is referred to as the "**Indenture**"). The Series 2010B-C Certificates are not the only Certificates to be executed and delivered pursuant to the Indenture. The 2009A Certificates have been previously executed and delivered pursuant to the Indenture. The Series 2010B-C Certificates, the Series 2009A Certificates and additional series of certificates executed and delivered in the future pursuant to the Indenture (collectively, the "**Certificates**") will be paid and secured on a parity and will evidence undivided interests in the right to certain payments by the State under the annually renewable Series 2009A Lease Purchase Agreement dated August 12, 2009 (the "**2009A Lease**"), the Series 2010B-C Lease Purchase Agreement dated as of the date of delivery of the Series 2010B-C Certificates (the "**2010B-C 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 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 the 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 Master Indenture. The net proceeds of the Series 2010B-C Certificates will be used to pay the costs of certain projects approved by the State Board (the "**2010B-C Projects**") for certain Participating K-12 Institutions as further described herein (the "**2010B-C Participating K-12 Institutions**"), to make a deposit to the State Expense Fund and to pay the costs of issuance of the Series 2010B-C 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 school districts) 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 2010B-C Lease is referred to as the "**2010B-C Leased Property**" and is further described herein.

The Series 2010B-C 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 2010B-C Certificates are offered when, as and if delivered, subject to the approving opinion of Kutak Rock LLP, Denver, Colorado, as Bond Counsel, and certain other conditions. Sherman & Howard L.L.C. has acted as counsel to the State in connection with the preparation of this Official Statement. Certain legal matters will be passed upon for the State by the office of the Attorney General of the State, as counsel to the State. Hogan & Hartson LLP, Denver, Colorado, has acted as counsel to the Underwriters. Piper Jaffray & Co., Denver, Colorado, has acted as financial advisor to the State in connection with the offering and execution and delivery of the Series 2010B-C Certificates. It is expected that the Series 2010B-C Certificates will be executed and available for delivery through the facilities of DTC, on or about March 16, 2010.

**RBC Capital Markets
D.A. Davidson & Co.**

Dated: March 2, 2010

**J.P. Morgan
Stifel, Nicolaus & Company, Incorporated**

MATURITY SCHEDULES
(CUSIP[®] 6-digit issuer number: 19668Q)⁽¹⁾

\$85,715,000
STATE OF COLORADO
BUILDING EXCELLENT SCHOOLS TODAY
CERTIFICATES OF PARTICIPATION
TAXABLE BUILD AMERICA SERIES 2010B

<u>Maturing (March 15)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price</u>	<u>CUSIP[®] Issue Number</u>	<u>Maturing (March 15)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price</u>	<u>CUSIP[®] Issue Number</u>
2017	\$2,645,000	4.186%	100%	CQ6	2020	\$2,880,000	4.862%	100%	CT0
2018	2,715,000	4.512	100	CR4	2021	2,970,000	5.062	100	CU7
2019	2,795,000	4.712	100	CS2	2022	3,070,000	5.262	100	CV5

\$15,850,000 5.737% Term Certificate due March 15, 2025 – Price: 100% CUSIP[®] 19668Q CY9
 \$52,790,000 6.242% Term Certificate due March 15, 2030 – Price: 100% CUSIP[®] 19668Q DD4

\$13,970,000
STATE OF COLORADO
BUILDING EXCELLENT SCHOOLS TODAY
CERTIFICATES OF PARTICIPATION
TAX-EXEMPT SERIES 2010C

<u>Maturing (March 15)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP[®] Issue Number</u>	<u>Maturing (March 15)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP[®] Issue Number</u>
2011	\$2,175,000	2.000%	0.686%	DE2	2015	\$2,435,000	4.000%	2.120%	DJ1
2012	2,205,000	3.000	1.020	DF9	2016	2,000,000	4.000	2.560	DK8
2013	2,275,000	3.000	1.340	DG7	2016	540,000	5.000	2.560	DL6
2014	2,340,000	4.000	1.700	DH5					

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⁽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 2010B-C 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.

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 2010B-C 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 2010B-C 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 2010B-C 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 2010B-C 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 2010B-C Certificates and may not be reproduced or used in whole or in part for any other purpose.

The Series 2010B-C 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 2010B-C Certificates and the terms of the offering, including the merits and risks involved. The Series 2010B-C 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 2010B-C 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 2010B-C CERTIFICATES, THE UNDERWRITERS MAY ENGAGE IN TRANSACTIONS INTENDED TO STABILIZE THE PRICE OF THE SERIES 2010B-C 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 and F**, 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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OFFICIAL STATEMENT

\$85,715,000

**STATE OF COLORADO
BUILDING EXCELLENT SCHOOLS TODAY
CERTIFICATES OF PARTICIPATION
TAXABLE BUILD AMERICA SERIES 2010B**

\$13,970,000

**STATE OF COLORADO
BUILDING EXCELLENT SCHOOLS TODAY
CERTIFICATES OF PARTICIPATION
TAX-EXEMPT SERIES 2010C**

Changes from Preliminary Official Statement

This Official Statement contains changes made to the Preliminary Official Statement dated February 24, 2010. Such changes reflect: (i) pricing information; (ii) redemption terms; (iii) rating information on the cover and under the caption “RATINGS” herein; (iv) changes to the table captioned “Leased Property” on page 25 hereto resulting in an aggregate decrease of \$11,163,161 in Fair Market Value of Leased Property; (v) inclusion of disclosure relating to a Participation Agreement for a 2010B-C Participating K-12 Institution (Crestone Charter School, Inc.) whose property is not to be leased to the Trustee pursuant to a Site Lease and who will not sublease Leased Property pursuant to a Sublease as of March 16, 2010; (vi) modification of the definition of “Fair Market Value” as reflected in the blacklined changes in the Glossary in the form of 2010B-C Supplemental Indenture attached as Appendix B hereto; and (vii) modification of the terms pursuant to which property may be substituted for 2010B-C Leased Property as reflected in the blacklined changes to Section 7.06 in the form of 2010B-C Lease attached as Appendix B hereto. Further, the Official Statement has been revised to reflect that State of Colorado Building Excellent Schools Today Certificates of Participation Qualified School Construction Series 2010A were not issued to finance part of the 2010B-C Projects because the United States Secretary of the Treasury had not yet made a 2010 allocation to the State relating to “qualified school construction bonds” pursuant to Section 54F of the Internal Revenue Code of 1986. Such changes relating to the omission of such Certificates, as well as others, are reflected in the blacklined modifications to the documents included in Appendix B hereto.

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, Taxable Build America Series 2010B (the “**Series 2010B Certificates**”) and State of Colorado Building Excellent Schools Today Certificates of Participation Tax-Exempt Series 2010C (the “**Series 2010C Certificates**”) and together with the Series 2010B Certificates, the “**Series 2010B-C Certificates**”). The Series 2010B-C Certificates are being delivered 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**”) and a Series 2010B-C Supplemental Trust Indenture (the “**2010B-C**”).

Supplemental Indenture”), dated as of the date of delivery of the Series 2010B-C Certificates by Zions First National Bank, Denver, Colorado, as trustee (the **“Trustee”**). (The Master Indenture, as supplemented and amended by the 2009A Supplemental Indenture, 2010B-C Supplemental Indenture and as further supplemented and amended from time-to-time, is referred to as the **“Indenture”**). The Series 2010B-C Certificates are not the only Series of Certificates (as defined in the forms of Master Indenture and 2010B-C Supplemental Indenture attached hereto in **Appendix B**) to be executed and delivered pursuant to the Indenture. The State of Colorado Building Excellent Schools Today Certificates of Participation, Qualified School Construction Series 2009A (the **“Series 2009A Certificates”**) in the aggregate principal amount of \$87,145,000 have been previously executed and delivered pursuant to the Indenture. The Series 2009A Certificates, the Series 2010B-C Certificates and additional Series of Certificates executed and delivered in the future pursuant to the Indenture (collectively, the **“Certificates”**) will be paid and secured on a parity and will evidence undivided interests in the right to certain payments by the State under the annually renewable Series 2009A Lease Purchase Agreement, dated as of August 12, 2009 (the **“2009A Lease”**), the Series 2010B-C Lease Purchase Agreement, dated as of the date of delivery of the Series 2010B-C Certificates (the **“2010B-C 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 and such other annually renewable lease-purchase agreements, collectively, are 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 2010B-C 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 2010B-C Certificates to potential investors is made only by means of the entire Official Statement.

Authority for Delivery

The Series 2010B-C Certificates are being delivered pursuant to the Indenture, the American Recovery and Reinvestment Act of 2009 (the **“Recovery Act”**), Section 54AA of the Code 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 Master Indenture. The 2010B-C Lease is being entered by the State in order to fund certain Projects already approved by the State Board in 2009 (the **“2009 State Board Approval”**) as described in **“The 2010B-C Projects”** under this caption for the 2010B-C Participating K-12 Institutions in accordance with the Act. See **“The Program”** and **“The 2010B-C 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 2010B-C 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 2010B-C 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 2010B-C 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 2010B-C Participating K-12 Institutions are to be deposited in the Assistance Fund. The obligation, if any, of a 2010B-C Participating K-12 Institution to pay Matching Moneys to the State will be satisfied by (a) cash delivered at the time the Series 2010B-C Certificates are delivered, (b) an obligation to pay Base Rent under the applicable 2010B-C Sublease, subject to annual appropriation by the applicable Participating K-12 Institution, (c) a bond issued by a 2010B-C Participating K-12 Institution or its chartering school district and delivered to the State (a “**Matching Moneys Bond**”) or (d) an obligation to pay cash installments under the applicable Sublease subject to annual appropriation by the applicable Participating K-12 Institution (the “**Matching Moneys Installment Payments**”). **Matching Moneys and other amounts deposited in the Assistance Fund do not directly secure payment of the Series 2010B-C 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 and sources of its revenue.

Investors should closely review the financial and other information included in this Official Statement regarding the State, including the Assistance Fund and the State General Fund, to evaluate any risks of nonappropriation by the Colorado General Assembly. See “STATE FINANCIAL INFORMATION” and Appendices A, E, F and G hereto.

The Program

The Colorado General Assembly has established the Building Excellent Schools Today Program (the “**Program**”) in order to implement the Act. The Program has been designed to provide funds to rebuild, repair or replace the State’s most dangerous and most needy K-12 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 submit to the State Board for final approval.

The 2010B-C Lease is being entered into by the State in order to fund certain Projects as further described in “The 2010B-C Projects” under this caption (the “**2010B-C Projects**”). The Master Indenture permits the execution of other Leases or an amendment 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 2010B-C CERTIFICATES – Additional Series of Certificates.” The Series

2009A 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 a parity with the Series 2010B-C 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 2010B-C 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 2009 State Board Approval and by the Colorado General Assembly if the Rent payable under the Leases relating to such additional Series of Certificates would exceed the maximum aggregate annual lease payments permitted by the Act. For a description of the Program and such maximum aggregate annual lease payments, see “PLAN OF FINANCING – The Program.”

Purposes of the Series 2010B-C Certificates

Proceeds from the sale of the Series 2010B-C Certificates will be used to finance the Costs of the 2010B-C Projects for the 2010B-C Participating K-12 Institutions, as more fully described in “The 2010B-C Participating K-12 Institutions” under this caption and “PLAN OF FINANCING – The 2010B-C Projects and 2010B-C Participating K-12 Institutions.” Proceeds of the Series 2010B-C 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 2010B-C Certificates. See “PLAN OF FINANCING – Sources and Uses of Funds” for a description of the estimated uses of proceeds of the Series 2010B-C Certificates.

The 2010B-C Participating K-12 Institutions

Proceeds of the Series 2010B-C Certificates are expected to be used to fund the 2010B-C Projects for the benefit of the following entities in Colorado (collectively, the “**2010B-C Participating K-12 Institutions**”): (1) Alta Vista Charter School, Inc. (within the chartering school district, Lamar School District RE-2), (2) Colorado School for the Deaf and Blind, (3) Crestone Charter School, Inc. (within the chartering school district, Moffat Consolidated School District #2),* (4) Delta County Joint School District 50, (5) Douglas County School District, Number Re1, (6) El Paso County School District No. 8, (7) Miami Yoder School District JT-60, (8) Park County School District Re-2, (9) San Juan County School District No. 1, and (10) Swink School District No. 33. See “PLAN OF FINANCING – The 2010B-C Projects and 2010B-C Participating K-12 Institutions.”

The 2010B-C Projects

The 2010B-C Projects involve various capital projects for the 2010B-C Participating K-12 Institutions approved in the 2009 State Board Approval, at certain funding levels. In accordance with the terms of the 2010B-C Subleases or Participation Agreements between the State and the 2010B-C Participating K-12 Institutions, each of the 2010B-C Participating K-12 Institutions agrees to construct the respective projects, and in accordance with the 2010B-C Lease, the State has agreed to cause the projects of the 2010B-C Participating K-12 Institutions that will execute and deliver 2010B-C Subleases (all of the 2010B-C Participating K-12 Institutions except Crestone Charter School, Inc., which, upon the satisfaction of certain conditions, is expected to execute a Participation Agreement instead of a 2010B-C Sublease) to be constructed by causing such 2010B-C Participating K-12 Institution to comply with its related 2010B-C Sublease, but no failure of the related 2010B-C Participating K-12 Institution to comply with the relevant provisions of its 2010B-C Sublease will relieve the State of its obligation to cause the

* Payment of the costs of this Project is contingent upon satisfaction of certain conditions and the execution and delivery of a Participation Agreement by such 2010B-C Participating K-12 Institution.

facilities to be constructed. See “PLAN OF FINANCING – The 2010B-C Projects and 2010B-C Participating K-12 Institutions” for further information about the 2010B-C Projects. Projects other than the 2010B-C Projects have been funded with the proceeds of the Series 2009A Certificates and other Projects may be funded by the issuance of additional Series of Certificates issued under the Master Indenture relating to a separate Lease or an amendment to the 2010B-C Lease or the 2009A Lease but will require further authorization by the State Board for any Projects not approved in the 2009 State Board Approval and by the Colorado General Assembly if the Base Rent payable under the 2010B-C Lease, the 2009A Lease and the additional Lease or an amendment to the 2010B-C Lease or the 2009A Lease relating to such additional Series of Certificates would exceed the maximum aggregate annual lease payment permitted by the Act. See “Terms of the Series 2010B-C Certificates – Additional Series of Certificates” under this caption and “PLAN OF FINANCING – The Program.”

The Leased Property

Each of the 2010B-C Participating K-12 Institutions (or, in the case of some charter schools, the chartering school district), except for Crestone Charter School, Inc., is entering into a Site Lease with the Trustee dated as of the date of delivery of the Series 2010B-C Certificates (the “**2010B-C Site Leases**”) pursuant to which, in each case, certain land owned by the respective 2010B-C 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 “**2010B-C Leased Property**”) will be leased to the Trustee. See “SECURITY AND SOURCES OF PAYMENT – The Leased Property.” The 2010B-C Leased Property collectively with the additional Leased Property which has already or may in the future be leased under the 2009A Lease, additional Leases or amendments to the 2009A Lease or the 2010B-C Lease is referred to herein as the “**Leased Property**.” The 2010B-C Leased Property is being leased by the Trustee to the State, pursuant to the 2010B-C Lease, and the State is subleasing the 2010B-C Leased Property to the respective 2010B-C Participating K-12 Institutions under certain Subleases each dated as of the date of delivery of the Series 2010B-C Certificates (the “**2010B-C Subleases**”). Any additional Leased Property which the State has already chosen or chooses in the future to lease under the 2009A Lease, additional Leases or amendments to the 2009A Lease or the 2010B-C Lease will secure all holders of Certificates under the Master Indenture, including holders of the Series 2010B-C 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 2010B-C Lease or any other Lease in a particular year, the State would relinquish its right to use all of the Leased Property (including the 2010B-C Leased Property) or any portion thereof through the term of the respective Site Leases. In such event, the 2010B-C Participating K-12 Institutions which are Sublessees (and, in the case of charter schools, their chartering school districts) will have the option to purchase a portion of the 2010B-C Leased Property under the respective 2010B-C 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 2010B-C Certificates

Payments

Principal of and premium, if any, on the Series 2010B-C Certificates is payable when due upon surrender of the Series 2010B-C Certificates at the office of the Trustee. Interest on each Series 2010B-C 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.

Designation of the Series 2010B Certificates as “Build America Bonds”

The State has elected to designate the Series 2010B Certificates as “build America bonds” for purposes of the Recovery Act and to receive federal direct payments (the “**Federal Direct Payments**”) from the United States Treasury in connection therewith. Such 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 2010B-C Lease. See “BASE RENT,” “THE SERIES 2010B-C CERTIFICATES – Designation of the Series 2010B Certificates as “build America bonds” and “TAX MATTERS.” See “THE SERIES 2010B-C CERTIFICATES – Designation of the Series 2010B Certificates as ‘Build America Bonds’” and “CERTAIN RISK FACTORS – Federal Direct Payments.”

Denominations

The Series 2010B-C Certificates are deliverable in the authorized denomination of \$5,000 and integral multiples thereof.

Redemption

The Series 2010B-C Certificates are subject to optional and mandatory redemption prior to their stated maturity date under certain circumstances described herein under “THE SERIES 2010B-C CERTIFICATES – Redemption.”

Additional Certificates

The Master Indenture permits the execution and delivery of Series of Certificates in addition to the Series 2010B-C Certificates and the Series 2009A Certificates secured by the Trust Estate on parity with the Series 2010B-C Certificates and the Series 2009A Certificates, without notice to or approval of the owners of the Outstanding Series 2010B-C Certificates or Series 2009A Certificates, as directed by the State and upon satisfaction of certain conditions, all as provided in the Master Indenture. For a description of these conditions, see “THE SERIES 2010B-C CERTIFICATES – Additional Series of Certificates.” If any additional Certificates are executed and delivered, the 2009A Lease or 2010B-C 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 2010B-C Certificates, the 2010B-C Lease, the 2010B-C Site Leases, the 2010B-C Subleases and the Indenture pursuant to which such Series 2010B-C Certificates are being executed and delivered, see “Forms of Master Indenture, Supplemental Indenture, 2010B-C Lease Purchase Agreement, 2010B-C Site Leases, and the 2010B-C Subleases” attached hereto in Appendix B.

Sources of Payment for the Series 2010B-C Certificates

The principal of the Series 2010B-C 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 2010B-C Lease provides that the obligation of the State to pay Base Rent and Additional Rent during the Lease Term shall, subject only to the other terms of the Lease, be absolute and unconditional and shall not be abated or offset for any reason related to the Leased Property and that, notwithstanding any dispute between the State and the Trustee or between the State or the Trustee and any other Person relating to the Leased Property, the State shall, during the Lease Term, pay all Rent when due; the State shall not withhold any Rent payable during the Lease Term pending final resolution of such dispute and shall not assert any right of set-off or counter-claim against its obligation to pay Rent, provided, however, that the payment of any Rent shall not constitute a waiver by the State of any rights, claims or defenses which the State may assert; and no action or inaction on the part of the Trustee shall affect the State’s obligation to pay Rent during the Lease Term.

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

If an Event of Nonappropriation has occurred, the Trustee may exercise any of the remedies described in the 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 school district) under the respective Subleases. Each such Participating K-12 Institution (and, in the case of charter schools, the chartering school district) 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 2010B-C Certificates as described in the form of Master Indenture attached hereto in **Appendix B**. **There can be no assurance that such proceeds will be sufficient to pay all of the principal due on the Series 2010B-C Certificates.**

The State has the option to terminate the 2010B-C Lease and release the **2010B-C Leased Property** from the Indenture in connection with the defeasance of the Series 2010B-C Certificates by paying the State’s Purchase Option Price as described under “THE SERIES 2010B-C 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 2010B-C Certificates

Certain factors described in this Official Statement could affect the payment of Base Rent under the Leases (including the 2010B-C Lease) and could affect the market price of the Series 2010B-C 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 2010B-C Certificates, the State will execute a Continuing Disclosure Undertaking in which it will agree, for the benefit of the owners of the Series 2010B-C Certificates, to file such ongoing information regarding the State as described in "CONTINUING DISCLOSURE" herein. A form of the Continuing Disclosure Undertaking is attached hereto as **Appendix C**.

Other Information

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

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

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the State or the 2010B-C Participating K-12 Institutions and the purchasers or holders of any of the Series 2010B-C Certificates.

PLAN OF FINANCING

The Program

The Series 2010B-C 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 and all other outstanding Leases is less than the maximum total amount of annual lease payments set forth below. If the maximum total amount of annual lease payments of principal or interest payable by the State during any Fiscal Year under the Leases and all other outstanding Leases is greater than one-half of the maximum amount of annual lease payments set forth below, the aggregate amount of Matching Moneys expected to be credited to the Assistance Fund pursuant to the Act and any interest or income derived from the deposit and investment of the Matching Moneys must be at least equal to the annual amount of lease payments of principal and interest payable by the State during any Fiscal Year under the Leases and all other outstanding Leases that exceed one-half of the maximum total amount of annual lease payments set forth below. See **Appendix F** – “PUBLIC SCHOOL CAPITAL CONSTRUCTION ASSISTANCE FUND – Matching Moneys,” for a description of the Matching Moneys expected to be credited to the Assistance Fund. The maximum total amount of annual lease payments (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 2009-10 was \$25 million, the State would need to expect at the time it enters into a Lease that at least \$5 million in aggregate Matching Moneys would be credited to the Assistance Fund in Fiscal Year 2009-10.

For purposes of complying with the limitations on Maximum Annual Lease Payments, the Colorado Recovery and Reinvestment Finance Act of 2009, Title 11, Article 59.7, Colorado Revised Statutes (the “**CRRFA**”), permits the Base Rent due under the Leases to be netted against, and reduced by, the Federal Direct Payments with respect to the Series 2010B 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 as “build America bonds.” See “**SERIES 2010B-C CERTIFICATES – Designation of the Series 2010B Certificates as ‘Build America Bonds.’**”

The annual lease payments due under the 2009A Lease and the 2010B-C 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 with respect to the Series 2010B Certificates 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. See “**BASE RENT.**”

The Colorado General Assembly has established the Program in order to implement the Act. See “**INTRODUCTION – The Program.**” The State Board has approved certain projects for certain K-12 Institutions as Projects for funding under the Program. Certain of these Projects are being funded as the 2010B-C Projects. See “**The 2010B-C Projects and 2010B-C Participating K-12 Institutions**” below for a description of the 2010B-C Projects. The 2010B-C Lease is the second 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 \$87,145,000 evidence undivided interests in the right to receive certain payments by the State under the 2009A 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 2010B-C 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 2010B-C Certificates. The execution by the State of future leases or an amendment to the 2010B-C Lease or the 2009A Lease for additional Projects, would require authorization by the State Board and would require additional authorization from the General Assembly to the extent that Rent under the 2010B-C Lease, the 2009A Lease and such additional leases would exceed the annual lease payment limits described above.

Sources and Uses of Funds

The estimated sources and uses of funds relating to the Series 2010B-C Certificates are set forth in the following table.

	<u>Estimated Amount</u>
SOURCES OF FUNDS:	
Par amount of Series 2010B Certificates.....	\$ 85,715,000
Par amount of Series 2010C Certificates.....	13,970,000
Premium on Series 2010C Certificates.....	<u>880,041</u>
TOTAL SOURCES OF FUNDS	<u>\$100,565,041</u>
USES OF FUNDS:	
Deposit to 2010B-C Project Accounts of Capital Construction Fund ...	\$ 98,765,738 ⁽¹⁾
Deposit to State Expense Fund	692,188
For costs of issuance, including Underwriters’ discount ⁽²⁾	<u>1,107,115</u>
TOTAL USES OF FUNDS	<u>\$100,565,041</u>

-
- (1) The difference between this amount and the aggregate total project cost of \$113,353,513 shown in the table below is \$14,587,775 representing certain 2010B-C 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 2010B-C Certificates and Matching Money Installment Payments, to be paid, subject to annual appropriation, in accordance with the applicable Sublease.
 - (2) Such amount (other than the Underwriters’ discount) shall be deposited to the Costs of Issuance Account of the Capital Construction Fund and shall be used to pay costs of issuance including legal fees, rating agency fees, printing costs and financial advisors’ fees. For information concerning the Underwriters’ discount, see “UNDERWRITING.”

The 2010B-C Projects and 2010B-C Participating K-12 Institutions

The following table describes the 2010B-C Participating K-12 Institutions and Projects expected to be funded as the 2010B-C Projects using proceeds of the Series 2010B-C Certificates, moneys in the Assistance Fund in an amount equal to Matching Moneys to be deposited therein when received and total cost of the related 2010B-C Project.

2010B-C Projects and 2010B-C Participating K-12 Institutions

<u>2010B-C Participating K-12 Institution</u>	<u>2010B-C Project Description</u>	<u>Matching Moneys⁽¹⁾</u>	<u>Total Project Cost</u>
Alta Vista Charter School, Inc.	Addition to K-8 School	\$ 246,791 ⁽³⁾	\$ 6,169,766
Colorado School for the Deaf and Blind	Historical Building Renovation	0	10,601,140
Crestone Charter School, Inc. ⁽²⁾	New K-12 School	726,519	6,054,325
Delta County Joint School District 50	Major Elementary School Renovation	2,619,026	11,387,070
Douglas County School District, Re1	High School Safety-Security Upgrades	2,693,250 ⁽³⁾	4,488,750
El Paso County School District No. 8	New Elementary School	10,327,623 ⁽³⁾	13,588,978
Miami Yoder School District JT-60	Phase II of New PK-12 School	0	17,590,273
Park County School District Re-2	New PK-12 Campus	15,060,382	30,120,764
San Juan County School District No. 1	Renovate Historical K-12 School	2,369,731 ⁽³⁾	11,848,656
Swink School District No. 33	Elementary School Classroom Addition	<u>150,379⁽³⁾</u>	<u>1,503,791</u>
		\$34,193,701	\$113,353,513

- (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 2010B-C Participating K-12 Institution and are to be deposited into the Assistance Fund when received. See the form of 2010B-C 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 2010B-C 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 2010B-C 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 sources of revenue of the Assistance Fund.
- (2) Funding of the Project for such 2010B-C Participating K-12 Institution is contingent upon satisfaction of certain conditions and the execution and delivery of a Participation Agreement by such 2010B-C Participating K-12 Institution. The related Matching Moneys Bond is not to be delivered to the State until such conditions are satisfied.
- (3) Certain Matching Moneys are to be deposited to the Assistance Fund at or prior to the execution of the Series 2010B-C Certificates.

Under the 2010B-C Subleases and the Participation Agreements, the 2010B-C Participating K-12 Institutions will agree to construct and use the respective 2010B-C Projects in a manner which satisfies the restrictions of the Internal Revenue Code and the Act. In accordance with the terms of the 2010B-C Subleases and the Participation Agreements between the State and the 2010B-C Participating K-12 Institutions, each of the 2010B-C Participating K-12 Institutions agrees to construct the respective facilities. In accordance with the 2010B-C Lease, the State has agreed to cause such facilities (except the project of Crestone Charter School, Inc.) to be constructed by causing a 2010B-C Participating K-12 Institution to comply with its related 2010B-C Sublease, but no failure of the related 2010B-C Participating K-12 Institution to comply with the relevant provisions of its 2010B-C 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 2010B-C Subleases and Matching Moneys” and “CERTAIN RISK FACTORS – Actions under the 2010B-C Subleases.”

THE SERIES 2010B-C CERTIFICATES

Generally

General information describing the Series 2010B-C 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 2010B-C Site Leases, the 2010B-C Lease, the 2010B-C Subleases, the Master Indenture, the 2010B-C Supplemental Indenture and the forms of Series 2010B Certificates and Series 2010C Certificates included in the 2010B-C Supplemental Indenture, all as attached hereto in **Appendix B** hereto.

The Series 2010B-C 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) as described on the inside cover page of this Official Statement. Principal and premium, if any, is payable when due upon surrender of the Series 2010B-C Certificates at the office of the Trustee. The forms of the Series 2010B-C Certificates are set forth at **Appendix H** – “FORMS OF SERIES 2010B-C CERTIFICATES.” The Series 2010B-C Certificates will be executed and delivered as fully registered certificates in the denomination of \$5,000 or any integral multiple thereof.

Designation of the Series 2010B Certificates as “Build America Bonds”

Pursuant to the CRRFA, the State has elected to designate the Series 2010B Certificates as “build America bonds” for purposes of the Recovery Act and to receive Federal Direct Payments from the United States Treasury in connection therewith. Pursuant to the Recovery Act, the State expects Federal Direct Payments from the United States Treasury equal to 35% of the interest payable on the Series 2010B Certificates provided that it complies with certain covenants and subject to offset against certain amounts that may, for unrelated reasons, be owed by the State to an agency of the United States. Such 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. In accordance with the terms of the CRRFA (enacted pursuant to HB 09-1346), such Federal Direct Payments will be netted against and reduce the interest portion of the gross Base Rent payable by the State each Fiscal Year under the 2010B-C Lease. See “BASE RENT,” “SECURITY AND SOURCES OF PAYMENT – Federal Direct Payments,” “CERTAIN RISK FACTORS – Federal Direct Payments” and “TAX MATTERS.”

To receive the Federal Direct Payments, under currently existing procedures, a Form 8038-CP must be filed with the Internal Revenue Service no less than 45 to 90 days prior to each Interest Payment Date. Federal Direct Payments are expected to be received on or before each Interest Payment Date. Depending on the timing of the filing and other factors, the Federal Direct Payments may, however, be received before or after the corresponding Interest Payment Dates. See “CERTAIN RISK FACTORS – Federal Direct Payments” and “TAX MATTERS.”

Book-Entry System

DTC will act as securities depository for the Series 2010B-C Certificates. The Series 2010B-C 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 2010B-C Certificates in the aggregate principal amount of such maturity, and will be deposited with DTC.

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

Purchases of Series 2010B-C Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2010B-C Certificates on DTC's records. The ownership interest of each actual purchaser ("**Beneficial Owner**") of each Series 2010B-C 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 2010B-C 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 2010B-C Certificates, except in the event that use of the book-entry system for the Series 2010B-C Certificates is discontinued.

To facilitate subsequent transfers, all Series 2010B-C 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 2010B-C 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 2010B-C 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 2010B-C Certificates

may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Series 2010B-C Certificates, such as redemption, tenders, defaults and proposed amendments to the underlying documents. For example, Beneficial Owners of the Series 2010B-C Certificates may wish to ascertain that the nominee holding the Series 2010B-C 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 2010B-C 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 2010B-C 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 2010B-C Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and redemption proceeds on the Series 2010B-C 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 2010B-C 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 2010B-C 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 2010B-C 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 2010B-C Certificate and payment of principal and other payments on the Series 2010B-C Certificates to Direct Participants, Indirect Participants, or Beneficial Owners, confirmation and transfer of beneficial ownership interest in such Series 2010B-C Certificates, and other related transactions by and between DTC, the Direct Participants, the Indirect Participants, and the Beneficial Owners is based solely on information provided by DTC. Such information has been obtained from sources that the State believes to be reliable, but the State take no responsibility for the accuracy thereof. Accordingly, no representations can be made concerning these matters and neither the Direct Participants, the Indirect Participants, nor the Beneficial Owners should rely on the foregoing

information with respect to such matters but should instead confirm the same with DTC or the Direct Participants, as the case may be.

Additional Series of Certificates

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

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

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

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

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

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

(vi) The State has directed the Trustee in writing as to the delivery of the Series of Certificates and the application of the proceeds of the Series of Certificates, including, but not limited to, the amount to be deposited into the Project Account established for each Participating K-12 Institution, the amount, if any, of the Allocated Investment Earnings for each Project Account, the amount to be deposited into the Cost of Issuance Account and, if proceeds of such Series of Certificates are to be used to defease Outstanding Certificates pursuant to the Master Indenture, the amount to be deposited into the defeasance escrow account established pursuant to the Master Indenture.

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

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

Redemption

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

The Series 2010B-C 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 2010B-C 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 2010B-C 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 2010B-C 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 2010B-C Certificate pursuant to the 2010B-C Supplemental Indenture and any similar redemption provision applicable to any other Certificate shall be deemed to be the payment in full of such Series 2010B-C Certificate and such other Certificate, and no Owner of any such Series 2010B-C 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 2010B-C 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 2010B-C 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.

Optional Redemption

Series 2010B Certificates. The Series 2010B Certificates maturing on and after March 15, 2021 are subject to redemption at the option of the State, in whole or in part and if in part in Authorized Denominations pro rata from the remaining maturities and within each maturity, on any date on and after March 15, 2020, at a redemption price equal to the principal amount of the Series 2010B Certificates to be redeemed (with no premium), plus accrued interest to the redemption date.

Series 2010C Certificates. The Series 2010C Certificates are not subject to redemption at the option of the State prior to their maturity dates.

Extraordinary Optional Redemption

Series 2010B Certificates. The Series 2010B Certificates are subject to extraordinary redemption at the option of the State, in whole or in part and if in part in Authorized Denominations pro rata from the remaining maturities and within each maturity, on any date designated by the State following the State's determination (which determination shall be conclusive and not subject to challenge) that a Taxable Build America Certificates Tax Law Change has occurred at a redemption price equal to accrued interest to the redemption date plus the greater of (i) the principal amount of the Series 2010B Certificates to be redeemed, and (ii) the present value of all principal and interest payments scheduled to be paid on the Series 2010B Certificates after the redemption date, discounted to the redemption date on a semiannual basis at the Treasury Rate plus 100 basis points.

Mandatory Pro Rata Redemption

Series 2010B Certificates. The Series 2010B Certificates maturing on March 15, 2025 and March 15, 2030 are subject to mandatory pro rata 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 2010B Certificates maturing on a particular date shall be selected for redemption on each mandatory pro rata redemption date on a pro rata basis (and not by lot) from all Series 2010B Certificates maturing on such date, rounded to the nearest Authorized Denomination.

Series 2010B Certificates maturing on March 15, 2025

Mandatory Pro Rata Redemption Date <u>(March 15)</u>	<u>Principal Amount</u>
2023	\$3,175,000
2024	3,290,000
2025*	9,385,000

* Maturity date

Series 2010C Certificates maturing on March 15, 2030

Mandatory Pro Rata Redemption Date (<u>March 15</u>)	<u>Principal Amount</u>
2026	\$ 9,735,000
2027	10,130,000
2028	10,540,000
2029	10,970,000
2030*	11,415,000

* Maturity date

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

Notice of Redemption

Notice of the call for any redemption, identifying the Series 2010B-C 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 2010B-C 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 2010B-C 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 2010B-C Certificates called for redemption, which moneys are or will be available for redemption of Series 2010B-C 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 2010B-C Certificates called for redemption. The Trustee is required to pay to the Owners of Series 2010B-C Certificates so redeemed, the amounts due on the Series 2010B-C Certificates at the Operation Center of the Trustee upon presentation and surrender of the Series 2010B-C Certificates.

State's Purchase Option Price

State's Option to Purchase all Leased Property in Connection with Defeasance of Series 2010B-C Certificates

The State has been granted in the 2010B-C Lease the option to purchase all, but not less than all, of the 2010B-C Leased Property in connection with the defeasance of all the Series 2010B-C Certificates by paying to the Trustee the "State's Purchase Option Price," subject to compliance with all conditions to the defeasance of the Series 2010B-C 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 2010B-C Leased Property as described in this paragraph, the "**State's Purchase Option Price**" is an amount sufficient (i) to defease all the Series 2010B-C Certificates in accordance with the defeasance provisions of the Indenture and (ii) to pay all Additional Rent payable through the date on which the 2010B-C 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 2010B-C Leased Property and the payment, redemption or defeasance of the Outstanding Series 2010B-C 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 2010B-C Certificates, and (B) if any Series 2010B-C 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 2010B-C Certificates shall be substituted for the Series 2010B-C 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 2010B-C 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 2010B-C 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 2010B-C Certificates (assuming that the State chooses not to terminate the Leases during the Lease Term, which it has an annual option to do).

Fiscal Year (ended June 30)	Base Rent Series 2010B-C Certificates		Less Expected Federal Direct Payments ⁽²⁾⁽³⁾	Total Series 2009 Certificates Base Rent	Total Fiscal Year Net Base Rent
	Principal Component ⁽¹⁾	Interest Component ⁽¹⁾			
2010	--	--	--	\$ 3,535,000	\$ 3,535,000
2011	\$ 2,175,000	\$ 5,481,927	(\$1,752,572)	5,975,000	11,879,355
2012	2,205,000	5,453,697	(1,757,454)	5,975,000	11,876,243
2013	2,275,000	5,387,547	(1,757,454)	5,975,000	11,880,093
2014	2,340,000	5,319,297	(1,757,454)	5,975,000	11,876,843
2015	2,435,000	5,225,697	(1,757,454)	5,975,000	11,878,243
2016	2,540,000	5,128,297	(1,757,454)	5,970,000	11,880,843
2017	2,645,000	5,021,297	(1,757,454)	5,970,000	11,878,843
2018	2,715,000	4,910,577	(1,718,702)	5,970,000	11,876,876
2019	2,795,000	4,788,077	(1,675,827)	5,970,000	11,877,250
2020	2,880,000	4,656,376	(1,629,732)	5,970,000	11,876,645
2021	2,970,000	4,516,351	(1,580,723)	5,970,000	11,875,628
2022	3,070,000	4,366,009	(1,528,103)	5,970,000	11,877,906
2023	3,175,000	4,204,466	(1,471,563)	5,970,000	11,877,903
2024	3,290,000	4,022,316	(1,407,811)	5,975,000	11,879,506
2025	9,385,000	3,833,569	(1,341,749)	--	11,876,820
2026	9,735,000	3,295,151	(1,153,303)	--	11,876,849
2027	10,130,000	2,687,493	(940,623)	--	11,876,871
2028	10,540,000	2,055,178	(719,312)	--	11,875,866
2029	10,970,000	1,397,271	(489,045)	--	11,878,227
2030	11,415,000	712,524	(249,384)	--	11,878,141
Total	\$99,685,000	\$82,463,127	(\$28,203,175)	\$87,145,000	\$241,089,951

- (1) There will be credited against the amount of Base Rent otherwise payable under the 2010B-C 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. See "SECURITY AND SOURCES OF PAYMENT – Payments by the State" and " – Federal Direct Payments," "CERTAIN RISK FACTORS – Federal Direct Payments," "FORWARD-LOOKING STATEMENTS," AND "TAX MATTERS."
- (3) The State has covenanted in the 2010B-C Lease to request the Federal Direct Payments from the United States Treasury and the Trustee in the 2010B-C Lease has agreed to assist the State in doing so. See "THE SERIES 2010B-C CERTIFICATES – Designation of the Series 2010B-C Certificates as 'Build America Bonds,'" "CERTAIN RISK FACTORS – Build Federal Direct Payments." See the form of 2010B-C Lease attached hereto as **Appendix B**.

SECURITY AND SOURCES OF PAYMENT

Payments by the State

Each Series 2010B-C 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 2010B-C Lease, including but not limited to payment of Base Rent, are from year to year only and do not constitute a mandatory charge or requirement in any year beyond the State's then current fiscal year. All covenants, stipulations, promises, agreements and obligations of the State or the Trustee, as the case may be, contained in the Leases are the covenants, stipulations, promises, agreements and obligations of the State or the Trustee, as the case may be, and not of any member, director, officer, employee, servant or other agent of the State or the Trustee in his or her individual capacity, and no recourse shall be had on account of any such covenant, stipulation, promise, agreement or obligation, or for any claim based thereon or hereunder, against any member, director, officer, employee, servant or other agent of the State or the Trustee or any natural person executing Leases or any related document or instrument; provided that such person is acting within the scope of his or her employment, membership, directorship or agency, as applicable, and not in a manner that constitutes gross negligence or willful misconduct, in the case of the State, and negligence, in the case of the Trustee.

As more fully described under the captions "CERTAIN RISK FACTORS" and in the form of the 2010B-C Lease attached hereto in **Appendix B**, following an Event of Nonappropriation, the Lease Term of the 2010B-C 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 2010B-C Lease, the 2009A Lease and any other Lease entered in connection with any additional Series of Certificates issued to fund the Program. Any such amounts in the Assistance Fund may only be used to pay Base Rent and Additional Rent if specifically appropriated by the Colorado General Assembly for that purpose. There is no obligation of the State to appropriate such Assistance Fund revenues, or to appropriate any other State moneys to be transferred to the Assistance Fund, for purposes of paying Base Rent or Additional Rent under the Leases. 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.

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 2010B-C Site Leases, the 2010B-C Lease, the 2010B-C 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 2010B-C 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 2010B-C Leased Property). However, the Indenture and the 2010B-C Lease permit the State to purchase the Leased Property in connection with the defeasance of all of the Series 2010B-C Certificates, as described in “THE SERIES 2010B-C CERTIFICATES – State’s Purchase Option Price.” The 2010B-C Participating K-12 Institutions (and, in the case of charter schools, the chartering school districts) 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 2010B-C 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 2010B-C Leased Property as described in “The Leased Property – The 2010B-C 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 Leased Property, or any 2010B-C Participating K-12 Institution has not exercised the purchase option of its portion of the 2010B-C Leased Property, the State and such 2010B-C Participating K-12 Institutions (and, in the case of charter schools, the chartering school districts) 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 2010B-C 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 2010B-C Site Leases, 2010B-C Lease, the 2010B-C Subleases and the Indenture attached hereto in **Appendix B**.

The 2010B-C 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 2010B-C 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 2010B-C Leased Property as required by the 2010B-C Lease and only as to certain liabilities as described in the 2010B-C Lease. All property, funds and rights acquired by the Trustee upon the nonrenewal of the 2010B-C 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 2010B-C Lease and the Indenture), are required to be used to redeem the Series 2010B-C Certificates, if and to the extent any such moneys are realized. See “CERTAIN RISK FACTORS,” and forms of the 2010B-C Site Leases, 2010B-C Lease, 2010B-C Subleases and the Indenture attached hereto in **Appendix B**.

The Leased Property

Generally

The Leased Property upon issuance of the Series 2010B-C Certificates is described generally below. As described above, the State is not permitted to renew any Lease (including the 2010B-C Lease) with respect to less than all of the Leased Property (including the 2010B-C 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 2010B-C Leased Property) for the State unless the purchase option for all of the Leased Property has been exercised by the State. See “THE SERIES 2010B-C CERTIFICATES – State’s Purchase Option Price.” The State may make substitutions, or may consent to substitutions by the 2010B-C Participating K-12 Institutions, of 2010B-C Leased Property in accordance with the terms of the

2010B-C Leases and the respective 2010B-C Subleases as described in “Substitution of Leased Property” under this caption. Owners of the Series 2010B-C Certificates should not assume that it will be possible to foreclose upon or otherwise dispose of the Leased Property, or any portion thereof, for an amount equal to the respective principal amounts of the Certificates (including the Series 2009A Certificates and the Series 2010B-C 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 (the “**Construction Guidelines**”). 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 to be completed within 18 to 25 months. In other cases, the Leased Property for a Participating K-12 Institution is comprised of existing facilities, which were not financed with the Certificates.

The following table describes the Leased Property subject to Site Leases between the Trustee and the respective Participating K-12 Institutions as indicated on the table:

Leased Property⁽¹⁾

<u>Participating K-12 Institutions</u>	<u>Description of Leased Property</u>	<u>Land</u>	<u>Fair Market Value⁽²⁾</u>
Alamosa School District No. Re-11J	Two elementary schools (144,688 sq. ft./72 classrooms)	26.6 acre parcel of undeveloped land valued at \$226,000	\$39,432,655 ⁽³⁾
Sangre de Cristo School District Re-22J	One K-12 school (81,000 sq. ft./24 classrooms)	40 acre parcel of agricultural land valued at \$32,667	23,909,250 ⁽³⁾
Sargent Re-33J	One junior/senior high school (62,463 sq. ft./18 classrooms)	1.2 acre parcel valued at \$6,656 ⁽⁵⁾	22,696,795 ^{(3) (4)}
Alta Vista Charter School, Inc.	Addition to K-8 School (18,000 sq. ft. + renovation)	7.4 acre parcel valued at \$37,634	7,032,043 ⁽⁴⁾
Colorado School for the Deaf and Blind	Historical Building Renovation (6,000 sq. ft. addition/ 7 classrooms)	0.6 acre parcel valued at \$55,756	15,314,369 ⁽⁴⁾
Delta County Joint School District 50	Existing Elementary School	10.5 acre parcel valued at \$60,000	10,163,261 ⁽⁴⁾
Douglas County School District, Re1	Existing Administrative Building	2.1 acre parcel valued at \$283,484	2,174,917 ⁽⁴⁾
El Paso County School District No. 8	Existing Activity Center Building	4.1 acre parcel valued at \$78,000	3,578,000 ⁽⁴⁾
Miami Yoder School District JT-60	Phase II of New PK-12 School (64,974 sq. ft.)	2 acre parcel valued at \$1,300	17,591,573 ⁽⁴⁾
Park County School District Re-2	New PK-12 Campus (125,000 sq. ft./40 classrooms)	9.8 acre parcel valued at \$657,416	24,730,242
San Juan County School District No. 1	Renovate Historical K-12 School (21,500 sq. ft. bldg + 10,000 sq. ft. gym)	1.1 acre parcel valued at \$1,108,600	16,165,349 ⁽⁴⁾
Swink School District No. 33	Elementary School Classroom Addition (5,800 sq. ft./6 classrooms)	0.3 acre parcel valued at \$230 ⁽⁵⁾	<u>1,504,021</u>
Total:			\$184,292,475

Percentage of Total Principal Amount of Certificates:

98.64%

(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 this caption. 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) As defined in the Glossary included in the form of 2010B-C Supplemental Indenture attached as **Appendix B** hereto.

(3) The Projects funded by the related Certificates have not been completed. These values include, entirely or in part (in the case of renovations and additions), moneys held in the Project Accounts under the Indenture and certain Matching Moneys that may be withdrawn from the Assistance Fund to pay the Project costs. To the extent some of the Project cost funds have been expended, there is no assurance that the liquidation value of such partially completed Project is equal to the amount expended.

(4) 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, the State, or the State's risk management program 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 and amounts that may be withdrawn from the Assistance Fund.

(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."

Replacement of 2010B-C Leased Property Due to Cancellation of Sublease by State

As of the date hereof, the State has not completed its review of the title documentation relating to any of the 2010B-C Leased Property. Accordingly, it is possible that restrictions or reservations in such title documentation could negatively affect the Trustee's ability to liquidate such property in the event of a termination of the 2010B-C Lease Term. See "CERTAIN RISK FACTORS – Effect of a Nonrenewal of a Lease." The 2010B-C Subleases provide that if, on or before March 16, 2011, the Trustee has not received the title insurance policy for the 2010B-C Participating K-12 Institution's Leased Property described in paragraph 1 of the form of requisition attached as Appendix C to the 2010B-C Supplemental Indenture and the 2010B-C Participating K-12 Institution has not entered into or does not have a reasonable expectation that it will enter into one or more Project Contracts that comply with the Construction Guidelines for substantially all of the Work required to complete such 2010B-C Participating K-12 Institution's Project as described in paragraph 2 of the form of requisition attached as Appendix C to the 2010B-C Supplemental Indenture, the State may, in its sole discretion, cancel the related 2010B-C Sublease and 2010B-C Site Lease and return any Matching Moneys paid to the State and direct the Trustee to use the moneys in such 2010B-C Participating K-12 Institution's Project Account for the Costs of another Project or for any purpose permitted under the Indenture. Until the Trustee has received the title insurance policy referenced above, the Trustee will not authorize the expenditure of Project Costs for the related 2010B-C Participating K-12 Institution..

The 2010B-C Subleases and Matching Moneys

In connection with the execution and delivery of the Series 2010B-C Certificates, the State and each of the 2010B-C Participating K-12 Institutions, except Crestone Charter School, Inc., is entering into a 2010B-C Sublease pursuant to which each of such 2010B-C Participating K-12 Institutions, as Sublessee, will agree, in exchange for use of a portion of the 2010B-C Leased Property, to pay (subject to their right not to appropriate) all Additional Rent due under the 2010B-C Lease with respect to such portion of the 2010B-C Leased Property and the Series 2010B-C Certificates. The respective 2010B-C Participating K-12 Institution's obligations to pay such amounts under the 2010B-C Sublease are subject to annual appropriation by such 2010B-C Participating K-12 Institution. Pursuant to the 2010B-C Subleases, each of the 2010B-C Participating K-12 Institutions has agreed to maintain the respective 2010B-C Leased Property and to provide all insurance for such 2010B-C Leased Property as required by the 2010B-C Lease.

Certain 2010B-C Participating K-12 Institutions or their chartering school districts have agreed to pay Matching Moneys to the State for credit to the Assistance Fund with respect to such 2010B-C Participating K-12 Institution's Project in the form of cash, Base Rent, Matching Moneys Installment Payments or principal of and interest on Matching Moneys Bonds. The obligations of the 2010B-C Participating K-12 Institutions to pay Matching Moneys as Base Rent or Matching Moneys Installment Payments are subject to annual appropriation by the 2010B-C Participating K-12 Institutions. The obligations of a 2010B-C Participating K-12 Institution or its chartering school district to pay principal and interest on its Matching Moneys Bond are not subject to annual appropriation by the issuer of such bond. The obligations and rights of a 2010B-C Participating K-12 Institution and the State with respect to the 2010B-C Participating K-12 Institution's Matching Moneys Bonds and Matching Moneys Installment Payments are independent of the obligations of the 2010B-C Participating K-12 Institution, as Sublessee or Participant, and the rights of the State under the 2010B-C Subleases and Participation Agreements and, except as otherwise specifically provided in the related 2010B-C Sublease or Participation Agreement, (a) the obligations of the 2010B-C Participating K-12 Institution or its chartering school district and the rights of the State with respect to the 2010B-C Participating K-12 Institution's obligations to with respect to the Matching Moneys Bonds will survive the termination of the 2010B-C Subleases and Participation Agreements and (b) no failure to perform or other action of the State with respect to the 2010B-C

Subleases and Participation Agreements will affect the State's rights to enforce the obligations of the 2010B-C Participating K-12 Institutions or their chartering school districts to make payments under their Matching Moneys Bonds or to pay Matching Moneys Installment Payments.

Matching Moneys and other amounts deposited in the Assistance Fund do not directly secure payment of the Series 2010B-C 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 2010B-C 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 2010B-C Leased Property subject to its 2010B-C Sublease following the occurrence of an Event of Default or an Event of Nonappropriation under the 2010B-C Lease as described in the forms of 2010B-C Site Leases, 2010B-C Lease, 2010B-C Subleases and the Indenture attached hereto in **Appendix B**. In the 2010B-C Lease, the Trustee has agreed to notify each Sublessee of the occurrence of an Event of Default or Event of Nonappropriation under any 2010B-C Lease.

Substitution of Leased Property

The Sublessees are permitted by the respective 2010B-C Subleases to substitute other property for the respective 2010B-C 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 2010B-C 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 2010B-C 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 2010B-C Lease or the 2010B-C Participating K-12 Institution's tax covenant set forth in Section 10.04 of the 2010B-C Subleases. See Section 10.04 in the form of 2010B-C Subleases in **Appendix B**. Furthermore, the State is permitted under the 2010B-C Lease to substitute other property for certain 2010B-C 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 2010B-C 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 2010B-C 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 file and essentiality may also be provided by the Sublessees.

Insurance

The 2010B-C Leased Property is required to be insured by the 2010B-C 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 2010B-C Lease "- Damage, Destruction and Condemnation," in **Appendix B**. Pursuant to the 2010B-C Subleases, the 2010B-C Participating K-12 Institutions will undertake to provide such insurance with respect to the respective 2010B-C Leased Property as required by the 2010B-C Lease. See "The 2010B-C Subleases and Matching Moneys" under this caption.

Federal Direct Payments

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 2010B-C 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” and “TAX MATTERS.” 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.

CERTAIN RISK FACTORS

THE PURCHASE AND OWNERSHIP OF THE SERIES 2010B-C CERTIFICATES ARE SUBJECT TO CERTAIN RISKS. EACH PROSPECTIVE INVESTOR IN THE SERIES 2010B-C CERTIFICATES SHOULD READ THIS OFFICIAL STATEMENT IN ITS ENTIRETY, GIVING PARTICULAR ATTENTION TO THE FACTORS DESCRIBED BELOW WHICH, AMONG OTHERS, COULD AFFECT THE PAYMENT OF THE PRINCIPAL ON THE SERIES 2010B-C CERTIFICATES AND COULD ALSO AFFECT THE MARKET PRICE OF THE SERIES 2010B-C 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 2010B-C 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 2010B-C Lease), the Lease Term of the 2010B-C Lease will be terminated. Notwithstanding the foregoing, an Event of Nonappropriation shall not be deemed to occur if, on or before August 15 of the next ensuing Fiscal Year, (i) the Colorado General Assembly has appropriated amounts sufficient to avoid an Event of Nonappropriation and (ii) the State has paid all Rent due during the period from June 30 through the date of such appropriation or substitution. See the form of 2010B-C 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 2010B-C Sublease has been exercised, the 2010B-C 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 2010B-C 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 2010B-C Participating K-12 Institutions for the Leased Property (including the 2010B-C 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 2010B-C 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 2010B-C 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 2010B-C Lease) would mean the loss of the use of all of the Leased Property by the State. However, each of the 2010B-C Participating K-12 Institutions which is a Sublessee has the right to exercise a purchase option under its respective 2010B-C Sublease in order to purchase and retain the right to use its portion of the 2010B-C Leased Property in the event that the State chooses not to appropriate and thereby terminate the Leases (including the 2010B-C 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 2010B-C 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 2010B-C Lease – “Events of Default” and “– Remedies on Default” in **Appendix B** and “THE SERIES 2010B-C 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 2010 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 2010B-C Certificates should not assume that it will be possible to sell, lease or sublease the Leased Property or any portion thereof after a termination of the Lease Term for an amount equal to the aggregate principal amount of the Certificates then Outstanding plus accrued interest thereon. This may be due to the inability to recover certain of the costs incurred in connection with the execution and delivery of the Certificates or the acquisition of the Leased Property. The valuation of the 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 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 2010B-C Certificates by the State or the Trustee.

Federal Direct Payments

No assurances are provided that the State or the Trustee will receive Federal Direct Payments pursuant to the Recovery Act. The amount of any Federal Direct Payment is subject to legislative changes by Congress. Further, Federal Direct Payments will only be paid if the Series 2010B Certificates qualify as “qualified bonds” and “build America bonds” within the meaning of the Recovery Act. For the Series 2010B Certificates to be and remain “qualified bonds” and “build America bonds” within the meaning of the Recovery Act, the State and the 2010B-C Participating K-12 Institutions must comply with certain covenants and the State and the 2010B-C Participating K-12 Institutions must establish

certain facts and expectations with respect to the Series 2010B 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 2010B-C 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 remain outstanding, the Federal Direct Payment will no longer be paid by the United States Treasury because the Series 2010B Certificates will no longer qualify as “qualified bonds” and “build America bonds.”

Moreover, the IRS has implemented an examination program for obligations such as the Series 2010B Certificates designated as “build America bonds” for purposes of the Recovery Act and no assurance can be given that the Series 2010B Certificates will be not be selected for a more detailed or comprehensive examination. In the event the IRS files a proposed adverse determination letter as a result of such an examination, currently announced IRS policy is to suspend payment of the Federal Direct Payments, pending a final determination of the qualification of the Series 2010B Certificates. Suspension of the Federal Direct Payment may adversely affect the State’s willingness or ability to renew the 2010B-C Lease in future fiscal years.

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 2010B-C Certificates except from funds otherwise available to the Trustee under the Indenture. See “SECURITY AND SOURCES OF PAYMENT.”

Effects on the Series 2010B-C 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 2010B-C Lease under certain circumstances as provided in the 2010B-C Lease, upon the treatment for federal or State income tax purposes of any moneys received by the Owners of the Series 2010B-C Certificates subsequent to such termination. See “TAX MATTERS.” If the 2010B-C 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 2010B-C Certificates will be transferable without registration, or a

transactional exemption from registration, under the federal securities law following the termination of the 2010B-C 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 full 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 2010B-C Certificates at a price equal to the principal amount thereof outstanding. See "THE SERIES 2010B-C 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 affect on the interests of the owners of the Series 2010B-C 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 Series 2010 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 2010B-C 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 2010B-C Certificate proceeds by private persons or businesses, within the meaning of applicable tax law, could adversely affect the federal tax treatment of Series 2010B-C 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 Shortfall" 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 December 18, 2009 (the "**OSPB December 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 December Revenue Forecast states that, based on the budget balancing plans submitted by the Governor to the Joint Budget Committee on August 25, 2009 and December 1, 2009 to address previously forecasted revenue shortfalls of \$589.4 million, the State budget for Fiscal Year 2009-10 is balanced, such balancing plan is sufficient to restore the Unappropriated Reserve to the required 2% level, and there is no additional projected Fiscal Year 2009-10 revenue shortfall. See **Appendix D** – "THE STATE GENERAL FUND – Revenue Estimation – Revenue Shortfall" and "– Budgetary Reduction Measures for Fiscal Years 2008-09, 2009-10 and 2010-11."

The Colorado Legislative Council forecast released on December 18, 2009 projected an additional revenue shortfall in Fiscal Year 2009-10 of \$39.9 million as compared to its prior forecast released on September 21, 2009. Further budget balancing measures for Fiscal Year 2009-10 will be necessary in order to address this increased shortfall projected by the Colorado Legislative Council.

The next OSPB revenue forecast and the Colorado Legislative Council revenue forecast will be released on March 18, 2010. General Fund revenue projections in the new forecasts may be materially different from the December revenue forecasts and may project an additional revenue shortfall in either or both of these forecasts. Due to the volatility in the State and national economies, on average the last six forecasts from both offices have been significantly lower than the immediately preceding forecast, and such volatility may be reflected in the March 2010 forecasts. If an additional revenue shortfall is projected for Fiscal Year 2009-10 and subsequent forecasted years, further budget cuts will be necessary to ensure the balanced budget. A further revenue shortfall could adversely affect the State's ability to appropriate sufficient amounts to pay Base Rent in subsequent Fiscal Years.

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 accrual method of accounting in accordance with the standards promulgated by the Governmental Accounting Standards Board ("**GASB**"), with certain statutory exceptions. The State could experience temporary and cumulative cash shortfalls as the result of differences in the timing of the actual receipt of

revenues and payment of expenditures by the State compared to the inclusion of such revenues and expenditures in the State's Fiscal Year budgets on an accrual basis, which does not take into account the timing of when such amounts are received or paid. See "STATE FINANCIAL INFORMATION – Budget Process and Other Considerations."

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

Control of Remedies

Under the Indenture, the Owners of a majority in principal amount of all the Certificates then Outstanding have the right, at any time, to the extent permitted by law, to direct the Trustee to act or refrain from acting or to direct the manner or timing of any action by the Trustee under the Indenture or any Lease or Site Lease or to control any proceedings relating to the Indenture or any Lease or Site Lease; provided that such direction shall not be otherwise than in accordance with the provisions of the Indenture. See Section 7.06 of the Master Indenture attached in **Appendix B** hereto. The interests of Owners of the Series 2010B-C Certificates may vary from the interests of the Owners of other Series of Certificates for a variety of reasons.

Future Changes in Laws

Various Colorado laws, including the Act, apply to the priority and allocation of rental income and royalties derived from State school lands, allocation of State lottery proceeds, availability of funds for appropriation by the State, and other operations of the State. There is no assurance that there will not be any change in, interpretation of, or addition to the applicable laws, provisions and regulations which would have a material effect, directly or indirectly, on the affairs of the State and such funds. The potential impact of three citizen's initiatives to be submitted to State voters in November 2010 is discussed below under "Colorado Ballot Initiative Process."

Colorado Ballot Initiative Process

The State Constitution provides that the people of the State reserve to themselves the power to propose laws and amendments to the State Constitution ("**Initiatives**") and to enact or reject such Initiatives by a vote of the people by Statewide ballot. The process for placing a Statewide Initiative on the ballot is governed by the State Constitution and State law, and involves the development of language and a title for each ballot and obtaining a certain number of signatures of registered voters. The Elections Division of the Colorado Secretary of State maintains information about the text and status of current Initiatives on its website at www.colorado.gov under "Government – Elections & Voting – Elections and voting information – Initiatives Information." **The reference to the website of the Colorado Secretary of State is included herein for informational purposes only, and information available at such website is not incorporated herein by reference. The State makes no representations regarding the accuracy of the information available at such website.**

The Colorado Secretary of State recently certified three Initiatives (Proposition 101 and Amendments 60 and 61 and identified as Initiatives 10, 12 and 21 in the website described above) to be submitted to the Colorado voters on November 2, 2010. Among other things, these Initiatives are proposed to (1) decrease the State income tax from 4.63% to 3.5% over ten years and reduce vehicle ownership fees and telecommunication fees payable to the State, (2) mandate that all school districts

phase out equally by 2020 half of their respective 2011 tax rates and require the State to replace such revenues yearly with State funds, and (3) prohibit the State from borrowing in any form for any reason or period of time.

Generally, it cannot be predicted at this time whether other measures will qualify to be included on the ballot in any given year, and for measures that have been or are included, whether any of such measures will be approved by the voters of the State. Approval by the voters of certain measures, including the Initiatives described above, may have a material adverse effect on the General Fund and other State revenues. The State does not plan to issue any updates or revisions to these statements if or when measures are proposed by the voters of the State.

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 104,247 square miles of the high plains and the Rocky Mountains, with elevations ranging from 3,315 to 14,431 feet above sea level. The current population of the State is approximately five million. The State's major economic sectors include agriculture, manufacturing, technology, tourism, energy production and mining. Considerable economic activity is generated in support of these sectors by government, wholesale and retail trade, transportation, communications, public utilities, finance, insurance, real estate and other services. See also **Appendix A** – "STATE OF COLORADO COMPREHENSIVE ANNUAL FINANCIAL REPORT AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2009" and **Appendix G** – "CERTAIN STATE ECONOMIC AND DEMOGRAPHIC INFORMATION" for additional information about the State.

Organization

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

The General Assembly is bicameral, consisting of the 35-member Senate and 65-member House of Representatives. Senators serve a term of four years and representatives 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, 2009,” Appendix E – “THE STATE GENERAL FUND,” Appendix F – “PUBLIC SCHOOL CAPITAL CONSTRUCTION ASSISTANCE FUND” and Appendix G – “CERTAIN STATE ECONOMIC AND DEMOGRAPHIC INFORMATION.” The information in these sections and Appendices has been provided by the State.

The 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 must be refunded to the taxpayers during the next Fiscal Year. TABOR implements these revenue limitations through certain restrictions and limitations on spending, including the following:

- (a) Prior voter approval is required for: (i) any increase in State “fiscal year spending” from one year to the next in excess of the percentage change in the U.S. Bureau of

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

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

(c) Under TABOR, the State must maintain an emergency reserve equal to 3% of its fiscal year spending (the “**TABOR Reserve**”). The TABOR Reserve may be expended only upon: (i) the declaration of a State emergency by passage of a joint resolution approved by a two-thirds majority of the members of both houses of the General Assembly and subsequently approved by the Governor; or (ii) the declaration of a disaster emergency by the Governor. For Fiscal Year 2009-10, the Long Appropriation Bill (the “**Long Bill**”), in conjunction with other legislation, designates the funds that constitute the TABOR Reserve. These funds include portions of the Major Medical Insurance Fund and the Wildlife Cash Fund and up to \$81.1 million in aggregate value of State properties as designated by the Governor.

Statutes Implementing TABOR

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

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

As discussed above, TABOR limits year-to-year increases in revenues, and therefore spending, to the percentage change in the U.S. Bureau of Labor Statistics Consumer Price Index for Denver, Boulder and Greeley, all items, all urban consumers, or its successor index, plus the percentage change in State population in the prior calendar year, plus any voter approved revenue (*i.e.*, tax) increase. There are no provisions in TABOR to account for cyclical revenue swings. This originally produced a “ratchet down” effect whenever State revenues declined from one Fiscal Year to the next and then rebounded in subsequent years. The ratcheting down occurred as the result of the TABOR requirements that the State’s revenue base be reduced to the lower amount, without limitation, but that the State’s revenue base may be increased only to the extent of the limitations stated above, with any excess to be refunded. Such a ratcheting down occurred between Fiscal Years 2001-02 and 2003-04, when TABOR revenues declined by 13.0%, followed by increases of 1.8% in Fiscal Year 2004-05, 8.0% in Fiscal Year 2005-06, 5.3% in Fiscal Year 2006-07 and 3.7% in Fiscal Year 2007-08. By statute, the OSPB is responsible for developing the General Fund revenue estimate. According to the OSPB December 2009 Revenue Forecast, in Fiscal Year 2008-09 TABOR revenues declined by 8.7% and will decline by 3.0% in Fiscal Year 2009-10. The actual results of TABOR revenues in Fiscal Year 2008-09 show a decline of 9.0%,

which actual results are expected to be reflected on the State Controller's TABOR Schedule of Computations which is expected to be released in the related State Auditor's report in March 2010.

Legislation enacted during the 2002 legislative session, described in "*The Growth Dividend*" below, mitigated the "ratcheting down" effect of TABOR through the decennial census adjustment, and Referendum C, approved by the State's voters on November 1, 2005 and described in "*Colorado Economic Recovery Act of 2005*" below, disables the "ratcheting down" effect of TABOR on the State altogether through June 2010, and thereafter establishes a floor on the amount of the ratchet down.

The "Growth Dividend"

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

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

Since the State was not in a TABOR surplus position in Fiscal Year 2001-02, it could not recoup the excess amount refunded to taxpayers through the 1990s as the result of the undercounting of the State's population. HB 02-1310 and SB 02-179 permitted the growth dividend to be carried forward for up to nine years. The growth dividend was applied to the TABOR limit in an amount that maximizes the TABOR revenue growth rate subject to available TABOR revenues. In subsequent years, the unused amount of the growth dividend is applied in a similar manner until either the cumulative amount by which the TABOR limit is increased equals 6% (the original growth dividend amount) or the nine-year limit is reached.

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

Colorado Economic Recovery Act of 2005

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

Referendum C permits the State to retain and appropriate State revenues in excess of the current TABOR limit on State spending for the period of July 1, 2005, through June 30, 2010 (Fiscal Years 2005-06 through 2009-10), thus making all revenues received by the State during this period available for appropriation. Referendum C 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. In each subsequent Fiscal Year, the Excess State Revenues Cap is adjusted for inflation and a percentage change in State population, as well as such sum for the qualification or disqualification of enterprises. For purposes of the Excess State Revenues Cap, inflation, the percentage change in State population and the qualification or disqualification of an enterprise or debt service changes retain their meanings as they currently exist under TABOR and State law.

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

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

Accordingly, in Fiscal Years 2005-06, 2006-07 and 2007-08, the State was allowed to retain \$1.116 billion, \$1.308 billion and \$1.169 billion, respectively. State revenues did not exceed the TABOR limit in Fiscal Year 2008-09. See **Appendix E** – “THE STATE GENERAL FUND – General Fund Overview.”

The OSPB currently forecasts that TABOR revenues in Fiscal Year 2009-10 will not exceed Fiscal Year 2007-08 levels, resulting in Fiscal Year 2007-08 being the highest TABOR revenue year under Referendum C.

Effect of TABOR on the Series 2010B-C Certificates

Voter approval under TABOR is not required for the execution and delivery of the Series 2010B-C 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 each department to the Joint Budget Committee of the General Assembly (the "**JBC**"), as described below. In January, the Governor makes additional budget recommendations to the JBC for the budget of all branches of the State government, except that the elected executive officials, the judicial branch and the legislative branch make recommendations to the JBC for their own budgets.

Phase II (Legislative). The JBC, consisting of three members from each house of the General Assembly, develops the legislative budget proposal embodied in the Long Appropriation Bill (the "**Long Bill**") which is introduced in and approved by the General Assembly. Following receipt of testimony by State departments and agencies, the 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 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 2009-10 was adopted by the General Assembly on April 24, 2009 and approved in part and disapproved in part by the Governor on May 1, 2009.

Phase III (Executive). The Governor may approve or veto the Long Bill or any specific bills. In addition, the Governor may veto line items in the Long Bill or any other bill that contains an appropriation. The Governor's vetoes are subject to override by a two thirds majority of each house of the General Assembly.

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 the previously designated 4% to 2% of the amount appropriated for expenditure from the General Fund in each such Fiscal Year. The Governor’s Fiscal Year 2010-11 Budget Request includes the continuation of the 2% Unappropriated Reserve requirement for Fiscal Year 2010-11. See **Appendix E** – “THE STATE GENERAL FUND – General Fund Overview – Recent General Fund Financial Results – Revenue Estimation – Revenue Shortfalls.”

Expenditures: The Balanced Budget and Statutory Spending Limitation

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

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

The limitation on the level of General Fund appropriations 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 and 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 and Administration. The State Controller has statutory responsibility for coordinating all procedures for financial administration and financial control in order to integrate them into an adequate and unified system, conducting all central accounting and issuing warrants for payment of claims against the State. The State Controller prepares a comprehensive annual financial report (“**CAFR**”) in accordance with generally accepted accounting principles (“**GAAP**”) applicable to governmental entities, with certain statutory exceptions.

Basis of Accounting

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

Basis of Presentation of Financial Results and Estimates

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

Financial Audits

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

The State's Fiscal Year 2008-09 CAFR, including the State Auditor's Opinion thereon, is appended to this Official Statement as **Appendix A**. The Office of the State Auditor, being the State's independent auditor, has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in such CAFR, nor has the Office of the State Auditor performed any procedures relating to this Official Statement.

Investment and Deposit of State Funds

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

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

See also Note 14 to the financial statements in the State's Fiscal Year 2008-09 CAFR appended to this Official Statement as **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, 2009, the minimum lease payments due under lease-purchase agreements entered into by the State were estimated to be \$55.39 million in Fiscal Year 2009-10 and \$54.87 million in Fiscal Year 2010-11. See Notes 24 and 39 to the financial statements included in the State's CAFR for Fiscal Year 2008-09 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, 2009.

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, 2009, the minimum lease/rental payments due for buildings and/or equipment for Fiscal Year 2009-10 and Fiscal Year 2010-11 were estimated to be \$79.18 million and \$76.32 million, respectively. See Note 22 to the financial statements in the State's CAFR for Fiscal Year 2008-09 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, 2009, CDOT had outstanding \$1.061 billion in aggregate principal amount of such notes. These notes are payable solely from certain federal and State funds that are allocated on an annual basis by the State Transportation Commission, in its sole discretion, and certain other moneys. The allocated funds are expected to be comprised of highway moneys paid directly to CDOT by the U.S. Department of Transportation, and appropriations of revenues from the Highway Users Tax Fund allocated by statute to CDOT.

In addition to the obligations described above, State departments and agencies, including State institutions of higher education, issue revenue bonds for business type activities, as well as bonds and/or notes for the purchase of equipment, construction of facilities and infrastructure and to finance student loans. With the exception of the University of Colorado, whose regents are elected, the institutions of higher education are governed by boards whose members are appointed by the Governor with the consent of the State Senate. For the outstanding aggregate principal amount of such bonds as of June 30, 2009, see Notes 24 and 39 to the financial statements in the State's CAFR for Fiscal Year 2008-09 appended to this Official Statement as **Appendix A**.

Most State employees participate in a defined benefit pension plan, which is a cost-sharing multiple-employer benefit plan administered by the Public Employees' Retirement Association ("PERA"). The PERA Health Care Trust Fund held by PERA is a post-employment cost-sharing multiple-employer benefit program under which PERA subsidizes a portion of the monthly premium for health insurance coverage for certain State retirees and the remaining amount of the premium is funded by the benefit recipient through an automatic deduction from the monthly retirement benefit. The State has made all of the statutorily required contributions to the PERA Health Care Trust Fund. See Notes 18, 19 and 20 to the financial statements in the State's CAFR appended to this Official Statement as **Appendix A**.

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.

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.

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 and F**, 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 in circumstances on which these statements are based occur.

LITIGATION AND SOVEREIGN IMMUNITY

No Litigation Affecting the 2010B-C 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 2010B-C Certificates or questioning or affecting the validity of the Series 2010B-C 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 2010B-C Lease or the Subleases in the manner provided in the Act.

Governmental Immunity

The Colorado Governmental Immunity Act, Article 10 of Title 24, Colorado Revised Statutes (“**Immunity Act**”) provides that public entities and their employees acting within the course and scope of their employment are immune from liability for tort claims under State law based on the principle of sovereign immunity except for those specifically identified events or occurrences defined in the Immunity Act. Whenever recovery is permitted, the Immunity Act also generally limits the maximum amount that may be recovered to \$150,000 for injury to one person in a single occurrence, and an aggregate of \$600,000 for injury to two or more persons in a single occurrence, except that no one person may recover

in excess of \$150,000. The Immunity Act does not limit recovery against an employee who is acting outside the course and scope of his/her employment. The Immunity Act specifies the sources from which judgments against public entities may be collected and provides that public entities are not liable for punitive or exemplary damages. The Immunity Act does not prohibit claims in Colorado state court against public entities or their employees based on contract and may not prohibit such claims based on other common law theories. However, the Immunity Act does bar certain federal actions or claims against the State or the Participating K-12 Institutions, or State or Regent employees sued in their official capacities under federal statutes when such actions are brought in state court. The Eleventh Amendment to the U.S. Constitution bars certain federal actions or claims against the State, the Institutions, or State or Regent employees sued in their official capacities under federal statutes when such actions are brought in federal court.

Self Insurance

In 1985, the General Assembly passed legislation creating a self-insurance fund, the Risk Management Fund, and established a mechanism for claims adjustment, investigation and defense, as well as authorizing the settlement and payment of claims and judgments against the State. The General Assembly also utilizes the self-insurance fund for payment of State workers' compensation liabilities. The State currently maintains self-insurance for claims arising on or after September 15, 1985, under the Immunity Act and claims against the State, its officials or its employees arising under federal law. See Notes 6H, 6I, 21 and 37 to the financial statements in the State's CAFR for Fiscal Year 2008-09 appended to this Official Statement as **Appendix A**. Judgments awarded against the State for which there is no insurance coverage or that are not payable from the Risk Management Fund ordinarily require a legislative appropriation before they may be paid.

Current Litigation

The State

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

TAX MATTERS

The following is a summary of certain material federal income tax consequences of the purchase, ownership and disposition of the 2010B-C Certificates for the investors described below and is based on the advice of Kutak Rock LLP, as Bond Counsel. This summary is based upon laws, regulations, rulings and decisions currently in effect, all of which are subject to change. The discussion does not deal with all federal tax consequences applicable to all categories of investors, some of which may be subject to special rules, including but not limited to, partnerships or entities treated as partnerships for federal income tax purposes, pension plans and foreign investors, except as otherwise indicated. In addition, this

summary is generally limited to investors that are “U.S. holders” (as defined below) who will hold the 2010B-C Certificates as “capital assets” (generally, property held for investment) within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended (the “Code”). Investors should consult their own tax advisors to determine the federal, state, local and other tax consequences of the purchase, ownership and disposition of 2010B-C Certificates. Prospective investors should note that no rulings have been or will be sought from the Internal Revenue Service (the “Service”) with respect to any of the federal income tax consequences discussed below, and no assurance can be given that the Service will not take contrary positions.

As used herein, a “U.S. holder” is a “U.S. person” that is a beneficial owner of a 2010B-C Certificate. A “non U.S. holder” is a holder (or beneficial owner) of a 2010B-C Certificate that is not a U.S. person. For these purposes, a “U.S. person” is a citizen or resident of the United States, a corporation or partnership created or organized in or under the laws of the United States or any political subdivision thereof (except, in the case of a partnership, to the extent otherwise provided in the Treasury Regulations), an estate the income of which is subject to United States federal income taxation regardless of its source or a trust if (i) a United States court is able to exercise primary supervision over the trust’s administration and (ii) one or more United States persons have been granted the authority to control all of the trust’s substantial decisions.

Series 2010C Certificates

General. In the opinion of Kutak Rock LLP, Bond Counsel, to be delivered at the time of original issuance of the Series 2010C 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 2010C Certificates is excludable from gross income for federal income tax purposes, is not a specific preference item for purposes of the federal alternative minimum tax and is not included in adjusted current earnings for purposes of the federal alternative minimum tax imposed on corporations.

The State and the 2010B-C Participating K-12 Institutions have covenanted to comply with all requirements that must be satisfied in order for the interest on the Series 2010C Certificates to be excludable from gross income for federal tax purposes. The opinions set forth above are subject to continuing compliance by the State and the 2010B-C Participating K-12 Institutions with such covenants. Failure to comply with such covenants could cause interest on the Series 2010C Certificates to be included in gross income retroactive to the date of issue of such Series 2010C Certificates.

The accrual or receipt of interest on the Series 2010C Certificates may otherwise affect the federal income tax liability of certain recipients such as banks, thrift institutions, property and casualty insurance companies, corporations (including S corporations and foreign corporations operating branches in the United States), Social Security or Railroad Retirement benefit recipients, 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, among others. The extent of these other tax consequences will depend upon the recipients’ particular tax status or other items of income or deduction. Bond Counsel expresses no opinion regarding any such consequences and investors should consult their own tax advisors regarding the tax consequences of purchasing or holding the Series 2010C Certificates.

Bond Counsel expresses no opinion regarding 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 2010C Certificates; or any other federal tax consequences related to the ownership or disposition of the Series 2010C Certificates.

Original Issue Premium. The Series 2010C Certificates are being sold at a premium (each a “**Premium Series 2010C Certificate**”). An amount equal to the excess of the issue price of a Premium Series 2010C Certificate over its stated redemption price at maturity constitutes premium on such Premium Series 2010C Certificate. An initial purchaser of a Premium Series 2010C Certificate must amortize any premium over such Premium Series 2010C Certificate’s term using constant yield principles, based on the purchaser’s yield to maturity (or, in the case of Premium Series 2010C Certificates callable prior to their maturity, by amortizing the premium to the call date, based on the purchaser’s yield to the call date and giving effect to the call premium). As premium is amortized, the amount of the amortization offsets a corresponding amount of interest for the period and the purchaser’s basis in such Premium Series 2010C Certificate 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 Premium Series 2010C Certificate prior to its maturity. Even though the purchaser’s basis may be reduced, no federal income tax deduction is allowed. Purchasers of the Premium Series 2010C Certificates should consult with their 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 a Premium Series 2010C Certificate.

Backup Withholding. Certain purchasers may be subject to backup withholding at the application rate determined by statute with respect to interest paid with respect to the Series 2010C Certificates if the purchasers, upon issuance, fail to supply the indenture trustee or their brokers with their taxpayer identification numbers, furnish incorrect taxpayer identification numbers, fail to report interest, dividends or other “reportable payments” (as defined in the Code) properly, or, under certain circumstances, fail to provide the indenture trustee with a certified statement, under penalty of perjury, that they are not subject to backup withholding.

Series 2010B Certificates

In General. The State intends to designate the Series 2010B Certificates as taxable “build America bonds” pursuant to Section 54AA of the Code. Although the Series 2010B Certificates are issued by the State, interest on the Series 2010B Certificates is not excludable from gross income for federal income tax purposes under Section 103 of the Code. Interest on the Series 2010B Certificates will be fully subject to federal income taxation. Thus, owners of the Series 2010B Certificates generally must include interest (including original issue discount) on the Series 2010B Certificates in gross income for federal income tax purposes.

To ensure compliance with Treasury Circular 230, holders of the Series 2010B Certificates should be aware and are hereby put on notice that: (a) the discussion in this Official Statement with respect to U.S. federal income tax consequences of owning the Series 2010B Certificates is not intended or written to be used, and cannot be used, by any taxpayer for the purpose of avoiding penalties that may be imposed on the taxpayer; (b) such discussion was written in connection with the promotion or marketing (within the meaning of Treasury Circular 230) of the transactions or matters addressed by such discussion; and (c) each taxpayer should seek advice based on its particular circumstances from an independent tax advisor.

Because build America bonds are a relatively new product, and the investors and future investors therein may be different than the typical investors in tax-exempt bonds, which have a more developed market, our discussion of Series 2010B Certificates is more detailed than our discussion of the Series 2010C Certificates.

Build America Bonds. The Series 2010B Certificates are expected to be issued as taxable build America bonds as authorized by the Recovery Act. Pursuant to the Recovery Act, the State expects to

receive cash subsidy payments from the United States Treasury equal to 35% of the interest portion of the Base Rent payable on the Series 2010B Certificates. The Code imposes requirements on the Series 2010B Certificates that the State must continue to meet after the Series 2010B Certificates are issued in order to receive the cash subsidy payments. These requirements generally involve the way that Series 2010B Certificates proceeds must be invested and ultimately used, and the periodic submission of requests for payments. If the State does not meet these requirements, it is possible that the State may not receive the cash subsidy payments.

Characterization of the Series 2010B Certificates as Indebtedness. Kutak Rock LLP will render on the closing date, with respect to the Series 2010B Certificates, its opinion to the effect that the obligations of the State to pay Base Rent under the 2010B-C Lease (and the Series 2010B Certificates evidencing undivided interests in the receipt of such Base Rent) will be treated as indebtedness of the State for federal income tax purposes. Similarly, the State intends that the Series 2010B Certificates will be treated as indebtedness of the State for federal income tax purposes. The owners of the Series 2010B Certificates, by accepting such Series 2010B Certificates, have agreed to treat the Series 2010B Certificates as indebtedness of the State for federal income tax purposes.

Notwithstanding the characterization of the obligations of the State to pay Base Rent under the 2010B-C Lease (and the Series 2010B Certificates evidencing undivided interests in the receipt of such Base Rent) as indebtedness of the State for federal income tax purposes, they do not constitute a general obligation or other indebtedness of the State, or a multiple fiscal year direct or indirect State debt or other financial obligation whatsoever, within the meaning of any State constitutional or statutory provision.

Taxation of Interest Income of the Series 2010B Certificates. Payments of interest with regard to the Series 2010B Certificates will be includible as ordinary income when received or accrued by the holders thereof in accordance with their respective methods of accounting and applicable provisions of the Code.

Payments of interest received with respect to the Series 2010B Certificates will also constitute investment income for purposes of certain limitations of the Code concerning the deductibility of investment interest expense. Potential holders of the Series 2010B Certificates should consult their own tax advisors concerning the treatment of interest payments with regard to the Series 2010B Certificates.

A purchaser (other than a person who purchases a Series 2010B Certificate upon issuance at the issue price) who buys a Series 2010B Certificate at a discount from its principal amount (or its adjusted issue price if issued with original issue discount greater than a specified de minimis amount) will be subject to the market discount rules of the Code. In general, the market discount rules of the Code treat principal payments and gain on disposition of a debt instrument as ordinary income to the extent of accrued market discount. Although the accrued market discount on debt instruments such as the Series 2010B Certificates which are subject to prepayment based on the prepayment of other debt instruments is to be determined under regulations yet to be issued, the legislative history of the market discount provisions of the Code indicate that the same prepayment assumption used to calculate original issue discount should be utilized. Each potential investor should consult his tax advisor concerning the application of the market discount rules to the Series 2010B Certificates.

Bond Counsel has expressed no opinion as to the effect of any termination of the State's obligations under the 2010B-C Lease, under certain circumstances as provided in the 2010B-C Lease, upon the treatment for federal income tax purposes of any moneys received by the owners of the Series 2010B Certificates subsequent to such termination.

Sale or Exchange of Series 2010B Certificates. If a Certificateholder sells a Series 2010B Certificate, such person will recognize gain or loss equal to the difference between the amount realized on such sale and the Certificateholder's basis in such Series 2010B Certificate. Ordinarily, such gain or loss will be treated as a capital gain or loss. At the present time, the maximum capital gain rate for certain assets held for more than twelve months is 15%. However, if a Series 2010B Certificate was subject to its initial issuance at a discount, a portion of such gain will be recharacterized as interest and therefore ordinary income. In February of 2009, President Barack Obama proposed increasing the long-term capital gains rate to 20%. The State and Bond Counsel cannot predict whether this increase will receive Congressional approval or become law.

If the terms of a Series 2010B Certificate were materially modified, in certain circumstances, a new debt obligation would be deemed created and exchanged for the prior obligation in a taxable transaction. Among the modifications which may be treated as material are those which relate to redemption provisions and, in the case of a nonrecourse obligation, those which involve the substitution of collateral. Each potential holder of a Series 2010B Certificate should consult its own tax advisor concerning the circumstances in which the Series 2010B Certificates would be deemed reissued and the likely effects, if any, of such reissuance.

The legal defeasance of Series 2010B Certificates may result in a deemed sale or exchange of such Series 2010B Certificates under certain circumstances. Owners of such Series 2010B Certificates should consult their tax advisors as to the federal income tax consequences of such a defeasance.

Backup Withholding. Certain purchasers may be subject to backup withholding at the application rate determined by statute with respect to interest paid with respect to the Series 2010B Certificates if the purchasers, upon issuance, fail to supply the applicable party or their brokers with their taxpayer identification numbers, furnish incorrect taxpayer identification numbers, fail to report interest, dividends or other "reportable payments" (as defined in the Code) properly, or, under certain circumstances, fail to provide the applicable party with a certified statement, under penalty of perjury, that they are not subject to backup withholding.

State, Local or Foreign Taxation. The State makes no representations regarding the tax consequences of purchase, ownership or disposition of the Series 2010B Certificates under the tax laws of any other state, locality or foreign jurisdiction (except as provided in "**Exemption Under State Law**" below). Investors considering an investment in the Series 2010B Certificates should consult their own tax advisors regarding such tax consequences.

Tax-Exempt Investors. In general, an entity which is exempt from federal income tax under the provisions of Section 501 of the Code is subject to tax on its unrelated business taxable income. An unrelated trade or business is any trade or business which is not substantially related to the purpose which forms the basis for such entity's exemption. However, under the provisions of Section 512 of the Code, interest may be excluded from the calculation of unrelated business taxable income unless the obligation which gave rise to such interest is subject to acquisition indebtedness. However, as noted above, bond counsel has rendered its opinion that the Series 2010B Certificates will be characterized as debt for federal income tax purposes. Therefore, except to the extent any holder of a Series 2010B Certificate incurs acquisition indebtedness with respect to a Series 2010B Certificate, interest paid or accrued with respect to such Certificateholder may be excluded by such tax exempt Certificateholder from the calculation of unrelated business taxable income. Each potential tax exempt holder of a Series 2010B Certificate is urged to consult its own tax advisor regarding the application of these provisions.

Certain ERISA Considerations. The Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), imposes certain requirements on "employee benefit plans" (as defined in Section

3(3) of ERISA) subject to ERISA, including entities such as collective investment funds and separate accounts whose underlying assets include the assets of such plans (collectively, “**ERISA Plans**”) and on those persons who are fiduciaries with respect to ERISA Plans. Investments by ERISA Plans are subject to ERISA’s general fiduciary requirements, including the requirement of investment prudence and diversification and the requirement that an ERISA Plan’s investments be made in accordance with the documents governing the ERISA Plan. The prudence of any investment by an ERISA Plan in the Series 2010B Certificates must be determined by the responsible fiduciary of the ERISA Plan by taking into account the ERISA Plan’s particular circumstances and all of the facts and circumstances of the investment. Government and non-electing church plans are generally not subject to ERISA. However, such plans may be subject to similar or other restrictions under state or local law.

In addition, ERISA and the Code generally prohibit certain transactions between an ERISA Plan or a qualified employee benefit plan under the Code and persons who, with respect to that plan, are fiduciaries or other “parties in interest” within the meaning of ERISA or “disqualified persons” within the meaning of the Code. In the absence of an applicable statutory, class or administrative exemption, transactions between an ERISA Plan and a party in interest with respect to an ERISA Plan, including the acquisition by one from the other of a Series 2010B Certificate could be viewed as violating those prohibitions. In addition, Code Section 4975 prohibits transactions between certain tax-favored vehicles such as Individual Retirement Accounts and disqualified persons. Code Section 503 includes similar restrictions with respect to governmental and church plans. In this regard, the State or any Dealer of the Series 2010B Certificates might be considered or might become a “party in interest” within the meaning of ERISA or a “disqualified person” within the meaning of the Code, with respect to an ERISA Plan or a plan or arrangement subject to Code Sections 4975 or 503. Prohibited transactions within the meaning of ERISA and the Code may arise if Series 2010B Certificates are acquired by such plans or arrangements with respect to which the State or any Dealer is a party in interest or disqualified person.

In all events, fiduciaries of ERISA Plans and plans or arrangements subject to the above Code Sections, in consultation with their advisors, should carefully consider the impact of ERISA and the Code on an investment in the Series 2010B Certificates. The sale of the Series 2010B Certificates to a plan is in no respect a representation by the State or the Underwriter that such an investment meets the relevant legal requirements with respect to benefit plans generally or any particular plan. Any plan proposing to invest in the Series 2010B Certificates should consult with its counsel to confirm that such investment is permitted under the plan documents and will not result in a non-exempt prohibited transaction and will satisfy the other requirements of ERISA, the Code and other applicable law.

Exemption Under State Tax Law

Under existing Colorado statutes: the interest received and other income of the Owners of the Series 2010B Certificates with respect to their undivided interests in the Base Rent paid by the State under the Leases are exempt from taxation and assessments in the State of Colorado; and the interest received by the Owners of the Series 2010C Certificates with respect to their undivided interests in the Base Rent that is designated and paid as interest under the Leases that is excludable from gross income for federal income tax purposes is excludable from gross income for Colorado income tax purposes and from the calculation of Colorado alternative minimum taxable income. Bond Counsel expresses no opinion regarding the effect of any termination of the State’s obligations under the Leases on interest received or income of the Owners of the Series 2010B-C Certificates subsequent to such termination; or other tax consequences related to the ownership or disposition of Series 2010B-C 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 2010B-C Certificates. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to obligations issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Series 2010B-C 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 2010B-C Certificates or the market value thereof would be impacted thereby. Purchasers of the Series 2010B-C 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 2010B-C 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 2010B-C Certificates are to be purchased by the Underwriters listed on the front cover page of this Official Statement at a price equal to \$100,035,917.25 (representing the aggregate principal amount of the Series 2010B-C Certificates plus premium on the Series 2010C Certificates of \$880,041.00 less an aggregate underwriting discount of \$529,123.75). The Underwriters have agreed to accept delivery of and pay for all the Series 2010B-C Certificate if any are delivered, and that the obligation to make such purchase is subject to certain terms and conditions set forth in the Certificate Purchase Agreement related to the Series 2010B-C Certificates, the approval of certain legal matters by counsel and certain other conditions. The Underwriters may offer and sell the Series 2010B-C Certificates to certain dealers (including dealers depositing such Series 2010B-C Certificates into investment funds) and others at prices lower than the public offering price stated on the inside cover page hereof. The public offering price set forth on the inside cover page hereof may be changed after the initial offering by the Underwriters.

J.P. Morgan Securities Inc., one of the Underwriters of the 2010B-C Certificates, has entered into an agreement (the “**Distribution Agreement**”) with UBS Financial Services Inc. for the retail distribution of certain municipal securities offerings, including the Series 2010B-C Certificates, at the original issue prices. Pursuant to the Distribution Agreement, J.P. Morgan Securities Inc. will share a portion of its underwriting compensation with respect to the 2010B-C Certificates with UBS Financial Services Inc.

LEGAL MATTERS

Legal matters relating to the validity of the Series 2010B-C Certificates are subject to the approving opinion of Kutak Rock LLP, Denver, Colorado, as Bond Counsel, which will be delivered with the Series 2010B-C 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 2010B-C 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 2010B-C Participating K-12 Institutions contained in this Official Statement. Certain legal matters will be passed upon for the State by the office of the Attorney General of the State, as counsel to the State. Hogan & Hartson, LLP, Denver, Colorado, has acted as counsel to the Underwriters. Payment of legal fees to Bond Counsel and Special Counsel are contingent upon the sale and delivery of the Series 2010B-C Certificates.

RATINGS

Standard & Poor's Ratings Services has assigned the Series 2010B-C Certificates a rating of "AA-" and Moody's Investors Service has assigned the Series 2010B-C Certificates a rating of "Aa3." No other ratings have been applied for. A rating reflects only the views of the rating agency assigning such rating, and an explanation of the significance of such rating may be obtained from each such rating agency. The State has furnished to the rating agencies certain information and materials relating to the Series 2010B-C Certificates and the 2010B-C Leased Property, including certain information and materials which have not been included in this Official Statement. There is no assurance that any of the ratings will continue for any given period of time or that any of the ratings will not be revised downward, suspended or withdrawn entirely by any such rating agency if, in its judgment, circumstances so warrant. Any such downward revision, suspension or withdrawal of any such rating may have an adverse effect on the market price of the Series 2010B-C Certificates. Neither the State, the Financial Advisor (hereinafter defined) nor any Underwriter undertakes any responsibility to oppose any such revision, suspension or withdrawal.

FINANCIAL ADVISOR

The State has retained Piper Jaffray & Co., Denver, Colorado as financial advisor (the "**Financial Advisor**") in connection with the Series 2010B-C Certificates and with respect to the authorization, execution and delivery of the Series 2010B-C Certificates. *The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement.* The Financial Advisor will act as an independent advisory firm and will not be engaged in underwriting or distributing the Series 2010B-C Certificates.

CONTINUING DISCLOSURE

In connection with its execution and delivery of the Series 2010B-C 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 2010B-C 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, 2010, to provide the Audited Financial Statements when available but not later than 210 days after the end of each Fiscal Year (or as soon thereafter as available), and to provide notices of occurrence of certain enumerated events, if material. During the previous five years, the State Treasurer has complied in all material respects with the continuing disclosure undertakings entered into by the State Treasurer pursuant to Securities and Exchange Commission Rule 15c2-12.

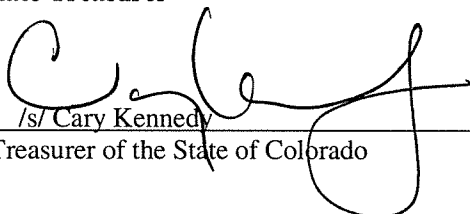
MISCELLANEOUS

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

OFFICIAL STATEMENT CERTIFICATION

The preparation and distribution of this Official Statement have been authorized by the 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/ Cary Kennedy
Treasurer of the State of Colorado

APPENDIX A

**State of Colorado Comprehensive Annual Financial Report
for the Fiscal Year ended June 30, 2009**

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APPENDIX B

Forms of Master Indenture, 2010B-C Supplemental Indenture, 2010B-C Lease Purchase Agreement, 2010B-C Site Leases and 2010B-C Subleases

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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
MASTER TRUST INDENTURE**

by

ZIONS FIRST NATIONAL BANK,
as Trustee

authorizing

State of Colorado
Building Excellent Schools Today
Certificates of Participation

Dated as of August 12, 2009

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

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

RECITALS

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

AGREEMENT

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

ARTICLE I

SECURITY FOR CERTIFICATES

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

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

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

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

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

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

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

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

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

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

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

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

Section 1.04. Limited Obligations.

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

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

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

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

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

ARTICLE II

AUTHORIZATION, TERMS, EXECUTION AND DELIVERY OF CERTIFICATES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE III

FUNDS AND ACCOUNTS

Section 3.01. Certificate Fund.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section 3.02. Capital Construction Fund.

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

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

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

(ii) *Earnings from Investment of Project Accounts.* Earnings from the investment of moneys in all the Project Accounts when received shall be aggregated and allocated among the Project Accounts in proportion to the ratio of (A) the Allocated Investment Earnings for each Project Account that have not previously been deposited into such Project Account pursuant to this paragraph to (B) the Allocated Investment Earnings for all Project Accounts that have not previously been deposited into the Project Accounts pursuant to this paragraph. The amount of investment earnings so allocated to a Project Account shall be deposited into such Project Account until the amount so deposited equals the Allocated Investment Earnings for such Project Account. After the amount of investment earnings allocated to a Project Account exceeds the Allocated Investment Earnings for such Project Account, the excess shall be deposited into the State Expense Fund, 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:

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APPENDIX A

FORM OF PROJECT ACCOUNT REQUISITION

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

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

Ladies and Gentlemen:

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

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

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

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

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

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

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

Representations of Sublessee. The Sublessee represents that:

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

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

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

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

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

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

PROJECT ACCOUNT CERTIFICATE SERIES: _____

NAME OF SUBLESSEE: _____

TOTAL DOLLAR AMOUNT REQUESTED PURSUANT TO THIS REQUISITION: _____

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

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

NAME OF SUBLESSEE: _____

By _____
Sublessee Representative

STATE OF COLORADO, ACTING BY AND
THROUGH THE STATE TREASURER

By _____
State Representative

Date: _____

PAYMENT SCHEDULE TO PROJECT ACCOUNT REQUISITION

Payee	Address	Amount to be Paid
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APPENDIX B

LEGAL DESCRIPTION OF LAND INCLUDED IN LEASED PROPERTY

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

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

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

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

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

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

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

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

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

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

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

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

AND THE FOLLOWING PARCEL MORE PARTICULARLY DESCRIBED AS FOLLOWS:

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

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

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

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

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

APPENDIX C

GLOSSARY

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

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

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

“*Adverse Tax Event*” means:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- (a) cash;

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

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

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

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

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

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

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

(iii) Federal Financing Bank;

(iv) General Services Administration participation certificates;

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

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

(A) Project Notes;

(B) Local Authority Bonds;

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

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

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

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

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

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

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

“*Fair Market Value*” means:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- (a) Certificates canceled or which shall have been surrendered to the Trustee for cancellation;
- (b) Certificates in lieu of which other Certificates have been executed under Section 2.05 or 2.06 of the Master Indenture;
- (c) Certificates which have been redeemed as provided in Article IV of the Master Indenture (including Certificates redeemed on payment of an amount less than the outstanding principal thereof and accrued interest thereon to the redemption date);
- (d) Certificates which are due and for which the Trustee holds funds for the benefit of the Owner thereof pursuant to Section 3.05 of the Master Indenture;
- (e) Certificates which are otherwise deemed discharged pursuant to Section 9.01 of the Master Indenture; and
- (f) Certificates held by the State.

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

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

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

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

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

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

“*Principal Component*” means 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, including the right to payment of the principal of such Certificate in accordance with the Indenture and the rights of the Owner of such Certificate under the Indenture based on the principal amount of such Certificate.

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

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

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

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

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

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

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

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

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

“*Rebate Fund*” means the special fund created by Section 3.04 of the Master Indenture.

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

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

“*Rent*” means Base Rent and Additional Rent, collectively.

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

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

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

“*Scheduled Site Lease Term*” means the period that begins on the first day of the Site Lease Term of a Site Lease and ends on (a) in the case of a Site Lease pursuant to which Leased Property is leased to the Trustee that is leased by the State pursuant to the 2009A Lease, the date described in Section 3.01(a)(i) of such Site Lease and (b) in the case of any other Site Lease, the date described in any similar provision of that Site Lease.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

“*Tax Credit Component*” means the right of the Owner of a Tax Credit Build America Certificate or a Qualified School Construction Certificate, or if such Certificate has been Stripped the Owner of the related Tax Credit Strip, to claim the Tax Credit with respect to such Certificate.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**STATE OF COLORADO
BUILDING EXCELLENT SCHOOLS TODAY
SERIES 2010B-C SUPPLEMENTAL TRUST INDENTURE**

by

ZIONS FIRST NATIONAL BANK,
as Trustee

authorizing

**State of Colorado
Building Excellent Schools Today
Certificates of Participation
~~Qualified School Construction Series 2010A~~
Taxable Build America Series 2010B
and
Tax-Exempt Series 2010C**

Dated as of , March 16, 2010

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**STATE OF COLORADO
BUILDING EXCELLENT SCHOOLS TODAY
SERIES 2010B-C SUPPLEMENTAL TRUST INDENTURE**

This State of Colorado Building Excellent Schools Today Series 2010B-C Supplemental Trust Indenture (this “Series 2010B-C Supplemental Indenture”) is dated as of , March 16, 2010, 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 G 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 2010B-C Supplemental Indenture is a Supplemental Indenture and is being executed to provide additional terms applicable to the Series 2010B-C Certificates.

AGREEMENT

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

ARTICLE I

QUALIFIED SCHOOL CONSTRUCTION CERTIFICATES

~~**Section 1.01. Authorization and Name.** The following Qualified School Construction Certificates shall be executed and delivered pursuant to this Series 2010 Supplemental Indenture: State of Colorado Building Excellent Schools Today Certificates of Participation, Qualified School Construction Series 2010A.~~

~~**Section 1.02. Principal Amounts, Dated Dates, Maturity Dates and Supplemental Interest.**~~

~~(a) The Series 2010A Certificates are hereby designated as Qualified School Construction Certificates.~~

~~(b) The aggregate principal amount of the Series 2010A Certificates shall be \$.~~

~~(c) The Authorized Denominations of the Series 2010A Certificates are \$40,000 and any integral multiple thereof, provided that one Series 2010A Certificate may be in a smaller denomination to the extent that aggregate principal amount of the Series 2010A Certificates exceed \$40,000 and any integral multiple thereof.~~

~~(d) — The Series 2010A Certificates executed and delivered on the date the Series 2010A 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 2010A Certificate executed and delivered upon transfer and exchange of another Series 2010A 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 2010A 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 2010A Certificate shall bear interest from the date the Series 2010A Certificates are first executed and delivered.~~

~~(e) — Interest on the Series 2010A Certificates shall be calculated based on a 360-day year consisting of twelve 30-day months.~~

~~(f) — The Series 2010A Certificates shall mature on _____, 20____.~~

~~**Section 1.03. Supplemental Interest, Tax Credit Loss Interest and Additional Tax Credit Loss Interest.**~~

~~(a) — The Series 2010A Certificates shall bear Supplemental Interest at the rate of _____% per annum.~~

~~(b) — If a Tax Credit Loss Determination has occurred with respect to the Series 2010A Certificates, in addition to Supplemental Interest, Tax Credit Loss Interest and Additional Tax Credit Loss Interest, if any, shall be payable to the Owners of such Certificates in the amounts and on the dates described in clauses (i) and (ii) below:~~

~~(i) — Tax Credit Loss Interest at a rate equal to the Tax Credit Rate from and after the Tax Credit Conversion Date through the final maturity or prior redemption of each Series 2010A Certificate, payable on each Tax Credit Loss Interest Payment Date.~~

~~(ii) — Additional Tax Credit Loss Interest equal to the amount, if any, of Tax Credits that Owners of Series 2010A Certificates would have been entitled to claim (assuming they had sufficient taxable income) on their federal income tax returns with respect to Tax Credit Allowance Dates occurring on or before the Tax Credit Conversion Date that are ineligible as Tax Credits as a result of the Tax Credit Loss Determination, plus interest on such amount from the applicable Tax Credit Allowance Date to the date such Additional Tax Credit Loss Interest is paid, calculated at a rate equal to the rate for large corporate underpayments determined from time to time by the Internal Revenue Service pursuant to Section 6621(e) of the Code. The Additional Tax Credit Loss Interest payable pursuant to this clause (ii) shall be paid on the first September 15 Tax Credit Loss Interest Payment Date following the Tax Credit Conversion Date, subject, however, to the Annual Tax Credit Loss Interest Limit described in clause (iii) below.~~

~~(iii) — The amount of Additional Tax Credit Loss Interest payable in any Fiscal Year is limited to the difference between the dollar amount set forth in the Maximum Annual Tax Credit Loss Interest column in Exhibit B to the 2010 Lease for Base Rent Payment Dates occurring in such Fiscal Year, minus the Tax Credit Loss Interest payable in such Fiscal Year (which limit is referred to as the “Annual Tax Credit Loss Interest Limit”). If and to the extent Additional Tax Credit Loss Interest cannot be paid in a Fiscal Year because of the application of the Annual Tax Credit Loss Interest Limit, the amount that cannot be paid (including interest on such amount, calculated as described in clause (ii) above) shall be paid on the following September 15 Tax Credit Loss Interest Payment Date(s) to the extent it can be paid under the Annual Tax Credit Loss Limit for that Fiscal Year.~~

~~Section 1.04. Redemption.~~

~~(a) — *Extraordinary Redemption Upon Occurrence of Event of Nonappropriation or Event of Default.* The Series 2010A 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 2010A Certificates (with no premium), plus accrued interest to the redemption date (including Supplemental Interest and, to the extent applicable, Tax Credit Loss Interest and Additional Tax Credit Loss Interest) 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 2010A 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 2010A 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 2010A 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 2010A Certificate and such other Certificate, and no Owner of any such Series 2010 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 2010A 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 2010A 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 2010A 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.~~

~~(b) — *Unexpended Proceeds Redemption.* The Series 2010A Certificates shall be redeemed in whole or in part, and if in part in Authorized Denominations pro rata from the remaining maturities and within each maturity, at a redemption price equal to the principal amount of the redeemed Series 2010A Certificates to be redeemed (with no premium) plus accrued interest to the redemption date (including Supplemental Interest and, to the extent applicable, Tax Credit Loss Interest and Additional Tax Credit Loss Interest), on a date designated by the State that is no later than 90 days after the third anniversary of the date the Series 2010A Certificates are originally executed and delivered, or, in the event the United States Internal Revenue Service grants an extension of the three year Available Project Proceeds Expenditure Period, on any later date designated by the State that is no later than 90 days after the end of the extended Available Project Proceeds Expenditure Period, in an amount equal to the unexpended Available Project Proceeds of the Series 2010A Certificates held by the Trustee as of the third anniversary of the date the Series 2010A Certificates are originally executed and delivered or, in the event the United States Internal Revenue Service grants an extension of the three year Available Project Proceeds Expenditure Period, the last day of the extended Available Project Proceeds Expenditure Period.~~

~~(c) — *Extraordinary Optional Redemption on and after Tax Credit Conversion Date.* The Series 2010A Certificates are subject to extraordinary redemption at the option of the State, in whole or in part and if in part in Authorized Denominations pro rata from the remaining maturities and within each maturity, on any date designated by the State following the occurrence of a Tax Credit Conversion Date, at a redemption price equal to the principal amount of the Series 2010A Certificates to be redeemed, plus accrued interest (including Supplemental Interest and, to the extent applicable, Tax Credit Loss Interest and Additional Tax Credit Loss Interest) to the redemption date.~~

~~**Section 1.05. Form of Certificates.** The Series 2010A 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 2010 Supplemental Indenture and is incorporated herein as if set forth in full in the body hereof.

~~Section 1.06. Stripping of Series 2010A Certificates.~~

~~(a) — Tax Credit Components and Principal Components. The Owner of each Series 2010A Certificate has the right to claim a Tax Credit with respect to such Series 2010A Certificate on its federal income tax return in accordance with and subject to Sections 54F and 54A of the Code and, under certain circumstances, may be entitled to receive Tax Credit Loss Interest and Additional Tax Credit Loss Interest (all of which, collectively, are referred to as the Tax Credit Component of such Series 2010A Certificate). The other rights of the Owner of such Series 2010A Certificate are referred to as the Principal Component of such Series 2010A Certificate and include the right to payment of the principal of and Supplemental Interest on such Series 2010A Certificate in accordance with the Indenture and the other rights of the Owner of such Series 2010A Certificate under the Indenture based on the principal amount of such Certificate that are not included in the Tax Credit Component. Each Series 2010A Certificate will initially be delivered in a form that combines the Tax Credit Component and the Principal Component of such Series 2010A Certificate but with a Tax Credit Coupon attached.~~

~~(b) — Stripping.~~

~~(i) — Stripping Request. Upon receipt by the Trustee of a Stripping Request in the form of Appendix F hereto with respect to a Series 2010A Certificate, the Trustee shall:~~

~~(A) — assign a new CUSIP number to such Series 2010A Certificate that is distinct from the CUSIP number for such Series 2010A Certificate before it is Stripped and insert the new CUSIP number (or confirm that such a CUSIP number has been assigned and inserted) and the date on, and execute, the “Principal Strip Legend” section of such Series 2010A Certificate (the Series 2010A Certificate, as so modified, is referred to as the “Principal Strip”);~~

~~(B) — assign a CUSIP number to the Tax Credit Coupon attached to such Series 2010A Certificate that is distinct from the CUSIP number for such Series 2010A Certificate before it is Stripped and the new CUSIP number assigned to the Principal Strip subparagraph (A) above and insert the new CUSIP number (or confirm that such a CUSIP number has been assigned and inserted) on the Tax Credit Coupon under “CUSIP number of Tax Credit Strip” (the Tax Credit Coupon, as so modified, is referred to as the “Tax Credit Strip”) (the creation of the Principal Strip as described in subparagraph (A) above and the Tax Credit Strip as described in this subparagraph is referred to as “Stripping”; a Series 2010A Certificate from which a Principal Strip and a Tax Credit Strip have been created is referred to as having been “Stripped”);~~

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

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

~~(ii) — *Modification of Stripping Process and form of Stripping Request to Permit Book Entry Registration and Transfer.* The process by which Stripping occurs, the form of the Stripping Request, the Principal Strips and the Tax Credit Strips shall be modified to conform to procedures established by The Depository Trust Company so as to permit the registration and transfer of the Principal Strips and Tax Credit Strips in the book entry records of The Depository Trust Company, including, but not limited to, to accommodate the assignment of separate CUSIP numbers to the Principal Strips and the Tax Credit Strips for each Tax Credit Allowance Date on the date the Series 2010A Certificates are executed and delivered or when the Stripping occurs.~~

~~(iii) — *Trustee Charges for Stripping.* The Trustee may require the payment, by the Owner of a Series 2010A Certificate, of any reasonable charges, as well as any taxes, transfer fees or other governmental charges required to be paid, with respect to the Stripping of any Series 2010A Certificate.~~

~~(e) — *Authorized Denominations; Execution, Authentication, Replacement, Registration, Transfer, Exchange, Cancellation and Negotiability of Principal Strips and Tax Credit Strips; Applicability of Redemption Provisions of Master Indenture.* Except as otherwise specifically provided in this Section, (i) the Authorized Denomination of a Principal Strip shall be based on the principal amount of the Principal Strip; (ii) a Tax Credit Strip shall not have a principal amount but instead shall have a notional amount equal to the principal amount of the Series 2010A Certificate from which it was created and such notional amount shall be used in lieu of principal amount in determining the Authorized Denomination of such Tax Credit Strip; (iii) Principal Strips and Tax Credit Strips shall be executed and authenticated, shall be replaced if mutilated, lost, stolen or destroyed and shall be registered, transferred, exchanged and cancelled and shall be negotiable in the same manner as Certificates under Article II of the Master Indenture; (iv) subject to subsection (d) of this Section, the redemption provisions of Article IV of the Master Indenture shall apply to Principal Strips and Tax Credit Strips created from the Stripping, pursuant to this Section, of the Series 2010A Certificate to which such redemption provisions apply in the same manner as they apply to such Series 2010A Certificate; and (v) any such Tax Credit Strip created from the Stripping of a Series 2010A Certificate shall cease to be Outstanding when the related Principal Strip is not Outstanding.~~

~~(d) — *Allocation of Redemption Price and Use of Money from the Exercise of Remedies under Article VII of the Master Indenture.* Notwithstanding any other provision hereof or of the Master Indenture, the redemption price of Series 2010A~~

~~Certificates and moneys received from the exercise of remedies under Article VII of the Master Indenture that are to be paid to the Owners of the Series 2010A Certificates shall be paid to the Owners of the Principal Strips and the Tax Credit Strips as follows:~~

~~(i) — first, to the Owners of the Principal Strips, an amount equal to the accrued but unpaid Supplemental Interest on the Series 2010A Certificates and to the Owners of the Tax Credit Strips, an amount equal to any accrued but unpaid Additional Tax Credit Loss Interest on the Series 2010A Certificates (and if the amount available is not sufficient to pay all such amounts, in proportion to the full amount due to each of them); and~~

~~(ii) — second, the amount available after the payment pursuant to clause (i) above (for purposes of this Section, the “Available Money”) shall be paid to the Owners of the Principal Strips and Tax Credit Strips as follows and, if the Available Money is not sufficient to pay the full amount due to either, in proportion to the full amount due to each of them:~~

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

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

~~Where:~~

$$\text{AM} = \text{Available Money}$$

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

~~(B) — to the Owners of the Tax Credit Strips evidencing the right to claim the Tax Credit on a particular Tax Credit Allowance Date (or, if a Tax Credit Conversion Date has occurred, to receive Tax Credit Loss Interest and Additional Tax Credit Loss Interest on a particular Tax Credit Loss Interest Payment Date) (if there is more than one Owner of such Tax Credit Strips, to the Owners of such Tax Credit Strips in proportion to the notional amount of such Tax Credit Strips owned by each of them), a portion of the Available Moneys determined by the following formula:~~

$$\text{CS} \times \text{AM/PS} \times \text{CAVP}$$

Where:

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

~~AM = Available Money~~

~~PS = the aggregate principal amount of the Principal Strips~~

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

~~(e) Control, Consent Rights and Other Rights of Owners of Series 2010A Certificates. The rights of the Owner of any Series 2010A Certificate that has been Stripped to direct or request the Trustee to act or refrain from acting, to direct the manner and timing of any action by the Trustee or to control proceedings, to consent to Supplemental Indentures and amendments, changes or modifications of Leases and Site Leases, to take any other action that may be taken by the Owners of a percentage or a majority of the principal amount of Certificates and to receive notices and other information under the Indenture shall be rights of the Owners of the Principal Strips and the Owners of the Tax Credit Strips shall not participate therein.~~

ARTICLE I ~~ARTICLE II~~

TAXABLE BUILD AMERICA CERTIFICATES

Section 1.01. ~~Section 2.01.~~ **Authorization and Name.** The following Taxable Build America Certificates shall be executed and delivered pursuant to this Series 2010B-C Supplemental Indenture: State of Colorado Building Excellent Schools Today Certificates of Participation, Taxable Build America Series 2010B.

Section 1.02. ~~Section 2.02.~~ **Principal Amounts, Dated Dates, Maturity Dates and Interest.**

(a) The Series 2010B Certificates are hereby designated as Taxable Build America Certificates.

(b) The aggregate principal amount of the Series 2010B Certificates shall be \$~~_____~~85,715,000.

(c) The Authorized Denominations of the Series 2010B Certificates are \$5,000 and any integral multiple thereof.

(d) The Series 2010B Certificates executed and delivered on the date the Series 2010B 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 2010B Certificate executed and delivered upon transfer and exchange of another Series 2010B 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 2010B 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 2010B Certificate shall bear interest from the date the Series 2010B Certificates are first executed and delivered.

(e) Interest on the Series 2010B Certificates shall be calculated based on a 360-day year consisting of twelve 30-day months.

(f) The Series 2010B 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
<u>2017</u>	<u>\$ 2,645,000</u>	<u>4.186%</u>
<u>2018</u>	<u>2,715,000</u>	<u>4.512</u>
<u>2019</u>	<u>2,795,000</u>	<u>4.712</u>
<u>2020</u>	<u>2,880,000</u>	<u>4.862</u>
<u>2021</u>	<u>2,970,000</u>	<u>5.062</u>
<u>2022</u>	<u>3,070,000</u>	<u>5.262</u>
<u>2025</u>	<u>15,850,000</u>	<u>5.737</u>
<u>2030</u>	<u>52,790,000</u>	<u>6.242</u>

Section 1.03. ~~Section 2.03.~~ Redemption.

(a) *Extraordinary Redemption Upon Occurrence of Event of Nonappropriation or Event of Default.* The Series 2010B 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 2010B 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 2010B 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 2010B 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 2010B 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 2010B Certificate and such other Certificate, and no Owner of any such Series 2010B 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 2010B 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 2010B 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 2010B 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.

(b) ***Optional Redemption.*** The Series 2010B Certificates maturing on and after March 15, ~~20~~2021 are subject to redemption at the option of the State, in whole or in part and if in part in Authorized Denominations pro rata from the remaining maturities and within each maturity, on any date on and after March 15, ~~20~~2020, at a redemption price equal to the principal amount of the Series 2010B Certificates to be redeemed (with no premium), plus accrued interest to the redemption date.

(c) ***Extraordinary Optional Redemption.*** The Series 2010B Certificates are subject to extraordinary redemption at the option of the State, in whole or in part and if in part in Authorized Denominations pro rata from the remaining maturities and within each maturity, on any date designated by the State following the State's determination (which determination shall be conclusive and not subject to challenge) that a Taxable Build

America Certificates Tax Law Change has occurred, at a redemption price equal to accrued interest to the redemption date plus the greater of (i) the principal amount of the Series 2010B Certificates to be redeemed, ~~plus accrued interest~~ and (ii) the present value of all principal and interest payments scheduled to be paid on the Series 2010B Certificates after the redemption date, discounted to the redemption date on a semiannual basis at the Treasury Rate plus 100 basis points.

(d) **Mandatory Pro Rata Redemption.** The Series 2010B Certificates maturing on March 15, ~~20—2025~~ and March 15, 2030 are subject to mandatory pro rata 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 2010B Certificates maturing on a particular date shall be selected for redemption on each mandatory pro rata redemption date on a pro rata basis (and not by lot) from all Series 2010B Certificates maturing on such date, rounded to the nearest Authorized Denomination.

Series 2010B Certificates maturing on March 15, ~~20—2025~~

Mandatory Pro Rata Redemption Date (March 15)	Principal Amount
<u>2023</u>	<u>\$3,175,000</u>
<u>2024</u>	<u>3,290,000</u>
<u>2025*</u>	<u>9,385,000</u>

* Maturity date

Series 2010B Certificates maturing on March 15, 2030

<u>Mandatory Pro Rata Redemption Date (March 15)</u>	<u>Principal Amount</u>
<u>2026</u>	\$ <u>9,735,000</u>
<u>2027</u>	<u>10,130,000</u>
<u>2028</u>	<u>10,540,000</u>
<u>2029</u>	<u>10,970,000</u>
<u>2030*</u>	<u>11,415,000</u>

* ~~Final maturity~~ Maturity date

At its option, to be exercised on or before the forty-fifth day next preceding each mandatory pro rata redemption date, the State may (i) deliver to the Trustee for cancellation any of the Certificates of the same Series and with the same maturity date as

the Certificates subject to such mandatory pro rata redemption and (ii) receive a credit in respect of its mandatory pro rata redemption obligation for any Certificates of the same Series and with the same maturity date as the Certificates subject to such mandatory pro rata redemption which prior to such date have been redeemed (otherwise than through the operation of the sinking fund) and cancelled and not theretofore applied as a credit against any mandatory pro rata redemption obligation. Each Certificate so delivered or previously redeemed shall be credited at the principal amount thereof to the mandatory pro rata redemption obligation on such mandatory pro rata redemption date, and the principal amount of Certificates of such Series to be redeemed as part of such mandatory pro rata redemption on such date shall be accordingly reduced.

Section 1.04. ~~Section 2.04.~~ Form of Certificates. The Series 2010B Certificates shall be in substantially the form set forth in Appendix ~~B~~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 ~~B~~A is an integral part of this Series 2010~~B-C~~B-C Supplemental Indenture and is incorporated herein as if set forth in full in the body hereof.

~~ARTICLE II~~ARTICLE III

TAX-EXEMPT CERTIFICATES

Section 2.01. ~~Section 3.01.~~ Authorization and Name. The following Tax-Exempt Certificates shall be executed and delivered pursuant to this Series 2010~~B-C~~B-C Supplemental Indenture: State of Colorado Building Excellent Schools Today Certificates of Participation, Tax-Exempt Series 2010C.

Section 2.02. ~~Section 3.02.~~ Principal Amounts, Dated Dates, Maturity Dates and Interest.

(a) The Series 2010C Certificates are hereby designated as Tax-Exempt Certificates.

(b) The aggregate principal amount of the Series 2010C Certificates shall be \$~~_____~~13,970,000.

(c) The Authorized Denominations of the Series 2010C Certificates are \$5,000 and any integral multiple thereof.

(d) The Series 2010C Certificates executed and delivered on the date the Series 2010C 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 2010C Certificate executed and delivered upon transfer and exchange of another Series 2010C 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 2010C 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 2010C Certificate shall bear interest from the date the Series 2010C Certificates are first executed and delivered.

(e) Interest on the Series 2010C Certificates shall be calculated based on a 360-day year consisting of twelve 30-day months.

(f) The Series 2010C 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
<u>2011</u>	<u>\$2,175,000</u>	<u>2.000%</u>
<u>2012</u>	<u>2,205,000</u>	<u>3.000</u>
<u>2013</u>	<u>2,275,000</u>	<u>3.000</u>
<u>2014</u>	<u>2,340,000</u>	<u>4.000</u>
<u>2015</u>	<u>2,435,000</u>	<u>4.000</u>
<u>2016*</u>	<u>2,000,000</u>	<u>4.000</u>
<u>2016*</u>	<u>540,000</u>	<u>5.000</u>

* Split maturity

Section 2.03. ~~Section 3.03.~~ Redemption.

(a) ***Extraordinary Redemption Upon Occurrence of Event of Nonappropriation or Event of Default.*** The Series 2010C 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 2010C 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 2010C 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 2010C 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 2010C 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 2010C Certificate and such other Certificate, and no Owner of any such**

Series 2010C 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 2010C 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 2010C 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 2010C 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.

(b) ***Optional Redemption.*** ~~The Series 2010C Certificates maturing on and after March 15, 20__ are subject to redemption at the option of the State, in whole or in part and if in part in Authorized Denominations in such order of maturities as the State shall determine and by lot within a maturity, on any date on and after March 15, 20__ at a redemption price equal to the principal amount of the Series 2010B Certificates to be redeemed (with no premium), plus accrued interest to the redemption date.~~ are not subject to redemption at the option of the State.

~~(c) ***Mandatory Sinking Fund Redemption.*** The Series 2010C Certificates maturing on March 15, 20__ 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 2010C Certificates maturing on a particular date shall be selected for redemption on each mandatory sinking fund redemption date by lot from all Series 2010B Certificates maturing on such date, rounded to the nearest Authorized Denomination.~~

~~Series 2010C Certificates maturing on March 15, 20__~~

~~Mandatory Sinking Fund Redemption Date~~

~~(March 15)~~

~~Principal Amount~~

\$

⌘

~~Final maturity~~

~~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 Certificates of the same Series and with the same maturity date as the Certificates subject to such mandatory sinking fund redemption and (ii) receive a credit in respect of its mandatory sinking fund redemption obligation for any Certificates of the same Series and with the same maturity date as the Certificates subject to such mandatory sinking fund redemption which prior to such date have been redeemed (otherwise than through the operation of the sinking fund) and cancelled and not theretofore applied as a credit against any mandatory sinking fund redemption obligation. Each Certificate so delivered or previously redeemed shall be credited at the principal amount thereof to the mandatory sinking fund redemption obligation on such mandatory sinking fund redemption date, and the principal amount of Certificates of such Series to be redeemed as part of such mandatory sinking fund redemption on such date shall be accordingly reduced.~~

Section 2.04. ~~Section 3.04.~~ Form of Certificates. The Series 2010C Certificates shall be in substantially the form set forth in Appendix ~~C~~B 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 C is an integral part of this Series 2010~~B-C~~B-C Supplemental Indenture and is incorporated herein as if set forth in full in the body hereof.

ARTICLE III~~ARTICLE IV~~

SEPARATE ACCOUNTS AND SUBACCOUNTS FOR EACH SERIES OF CERTIFICATES

Section 3.01. ~~Section 4.01.~~ 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 Sublessee'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 3.02. ~~Section 4.02.~~—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 Sublessee's Project, moneys shall be disbursed from such Project Accounts to pay Costs of the Sublessee's Project in the following order: first, from any Project Account into which proceeds of Qualified School Construction Certificates have been deposited; second, from any Project Account into which proceeds of Taxable Build America Certificates have been deposited; and, third, from any Project Account into which proceeds of Tax-Exempt Certificates have been deposited. If separate Project Accounts have been funded with proceeds of more than one Series of Certificates with the same Tax Treatment Designation, moneys shall be withdrawn from such Project Accounts to pay Costs of the Sublessee's Projects in the order in which such Series of Certificates were executed and delivered.

~~ARTICLE V~~

~~GLOSSARY~~

ARTICLE IV

AMENDMENTS TO MASTER INDENTURE

Section 4.01. Amended and Restated Form of Project Account Requisition. The form of Project Account Requisition attached as Appendix A to the original Master Indenture is hereby amended and restated in its entirety in Appendix C hereto.

Section 4.02. 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 ~~GE~~ hereto based on the written direction by the State in the Series 2010B-C Lease and the written certification by the State in the 2010B-C 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 4.03. References to Subleases and 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 and the financing of Projects for Participating K-12 Institutions that are not Sublessees pursuant to Participation Agreements, 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 4.01 and 4.02 hereof):

(a) the term “Sublessee” is used to refer to the lessor under a Site Lease, such term shall be replaced with “Site Lessor”;

(b) the term “Sublessee” is used to refer to a Project of a Sublessee, the Project Account of a Sublessee, the financing of a Project for a Sublessee, the Costs of a Sublessee’s Project or payments by a Sublessee pursuant to a Sublease, such term shall be replaced with “Participating K-12 Institution”; and

(c) the term “Sublease” is used, such term shall be replaced with “Sublease or Participation Agreement,” except where the term Sublease is used with respect to the terms of a Sublease granting a Sublessee the option to purchase the Leased Property subject to its Sublease (because a Participating K-12 Institution that is not a Sublessee does not have the option to purchase any Leased Property).

ARTICLE V~~ARTICLE VI~~

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 2010B-C Supplemental Indenture as if set forth in full herein.

ARTICLE VI~~ARTICLE VII~~

MISCELLANEOUS

Section 6.01. ~~Section 7.01.~~—Titles, Headings, Etc. The titles and headings of the articles, sections and subdivisions of this Series 2010B-C 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 6.02. ~~Section 7.02.~~—Interpretation and Construction. This Series 2010B-C 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 2010B-C Supplemental Indenture. For purposes of this Series 2010B-C Supplemental Indenture, except as otherwise expressly provided or unless the context otherwise requires:

(a) All references in this Series 2010B-C 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 2010B-C Supplemental Indenture. The words “herein,” “hereof,” “hereto,” “hereby,” “hereunder” and other words of similar import refer to this

Series 2010B-C 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 6.03. ~~Section 7.03.~~ Legal Description of Land Included in Leased Property Subject to 2010B-C Lease; Amendment of Master Indenture and Series 2009A Supplemental Indenture.

(a) The legal description of the land included in the Leased Property subject to the 2010B-C Lease is set forth in Appendix D hereto. If the land included in the Leased Property subject to the 2010B-C Lease is modified pursuant to the terms of the 2010B-C Lease or other land is substituted for land included in the Leased Property subject to the 2010B-C Lease pursuant to the terms of the 2010B-C Lease, the legal description set forth in Appendix D hereto will be amended to describe the land included in the Leased Property subject to the 2010B-C Lease after such modification or substitution.

(b) The Leased Property subject to the 2010B-C Lease described in Appendix D hereto and 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 (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 D hereto are amendments to the Master Indenture and the Series 2009A Supplemental Indenture and to the legal description of land included in the Leased Property described in Appendix B to the Master Indenture and Appendix B to the Series 2009A Supplemental Indenture; and the Leased Property subject to the Master Indenture and the 2009A Supplemental Indenture include both (i) the land described in Appendix B to the Master Indenture and Appendix B to the Series 2009A Supplemental Indenture and (ii) the property described in Appendix D hereto.**

Section 6.04. ~~Section 7.04.~~—Execution in Counterparts. This Series 2010B-C 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 6.05. ~~Section 7.05.~~—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 2010B-C Supplemental Indenture as if set forth in full herein.

IN WITNESS WHEREOF, the Trustee has executed this Series 2010B-C Supplemental Indenture as of the date first above written.

ZIONS FIRST NATIONAL BANK, as Trustee

By _____
Authorized Signatory

[Signature Page to Series 2010B-C Supplemental Indenture]

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

The foregoing instrument was acknowledged before me this ____ day of _____, 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:

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APPENDIX A

FORM OF SERIES 2010A CERTIFICATE

The State of Colorado, acting by and through the State Treasurer, has designated this certificate as a qualified school construction bond within the meaning of Section 54F of the Internal Revenue Code of 1986, as amended. By accepting this certificate or a beneficial interest herein, the Owner and any owner of any beneficial interest herein agrees to treat the State's obligation to pay Base Rent under any Lease as indebtedness of the State for federal income tax purposes, including in connection with the preparation of all tax returns.

No. R _____ \$ _____

STATE OF COLORADO
BUILDING EXCELLENT SCHOOLS TODAY
CERTIFICATES OF PARTICIPATION
QUALIFIED SCHOOL CONSTRUCTION SERIES 2010A

Supplemental Interest Rate _____%
Maturity Date _____, 20____
Tax Credit Rate _____%
Delivery Date _____, 20____
CUSIP _____

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 2010 Lease Purchase Agreement dated as of _____, 2010 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, it 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 2010 Supplemental Indenture dated as of _____, 2010 (the "Series 2010 Supplemental Indenture"; the Master Indenture, as previously supplemented by the State of Colorado Building Excellent Schools Today Series 2009 Supplemental Indenture dated as of August 12, 2009 by the Trustee and as amended and supplemented by the Series 2010 Supplemental Indenture is referred to as the "Indenture") by the Trustee. 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 Qualified School Construction Series 2010A (the “Series 2010A 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 2010 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 Supplemental Interest at the Supplemental Interest Rate set forth above is payable each March 15 and September 15, commencing September 15, 2010 (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 Tax Credit Loss Interest and Additional Tax Credit Loss Interest will be paid in the same manner as Supplemental Interest, except that Tax Credit Loss Interest shall be payable on the Tax Credit Loss Interest Payment Dates described below and Additional Tax Credit Loss Interest shall be payable on the September 15 Tax Credit Loss Interest Payment Dates as described below. 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.~~

~~Tax Credit Loss Interest and Additional Tax Credit Loss Interest~~

~~If a Tax Credit Loss Determination has occurred with respect to the Series 2010A Certificates, in addition to Supplemental Interest, Tax Credit Loss Interest and Additional Tax Credit Loss Interest, if any, shall be payable to the Owner of this certificate in the amounts and on the dates described below:~~

- ~~(i) Tax Credit Loss Interest at a rate equal to the Tax Credit Rate set forth above from and after the Tax Credit Conversion Date through the final maturity or prior redemption of each Series 2010A Certificate, payable on (A) each March 15, June 15, September 15 and December 15 following a Tax Credit Conversion Date for the Series~~

~~2010A Certificates through the date this certificate matures or is redeemed and (B) the date on which this certificate matures or is redeemed (each a “Tax Credit Loss Interest Payment Date”):~~

~~(ii) — Additional Tax Credit Loss Interest equal to the amount, if any, of Tax Credits that the Owner of this certificates would have been entitled to claim (assuming it had sufficient taxable income) on its federal income tax returns with respect to Tax Credit Allowance Dates occurring on or before the Tax Credit Conversion Date that are ineligible as Tax Credits as a result of the Tax Credit Loss Determination, plus interest on such amount from the applicable Tax Credit Allowance Date to the date such Additional Tax Credit Loss Interest is paid, calculated at a rate equal to the rate for large corporate underpayments determined from time to time by the Internal Revenue Service pursuant to Section 6621(e) of the Code. The Additional Tax Credit Loss Interest payable pursuant to this clause (ii) shall be paid on the first September 15 Tax Credit Loss Interest Payment Date following the Tax Credit Conversion Date, subject, however, to the Annual Tax Credit Loss Interest Limit described in clause (iii) below.~~

~~(iii) — The amount of Additional Tax Credit Loss Interest payable in any Fiscal Year is limited to the difference between the dollar amount set forth in the Maximum Annual Tax Credit Loss Interest column in Exhibit B to the 2010 Lease for Base Rent Payment Dates occurring in such Fiscal Year, minus the Tax Credit Loss Interest payable in such Fiscal Year (which limit is referred to as the “Annual Tax Credit Loss Interest Limit”). If and to the extent Additional Tax Credit Loss Interest cannot be paid in a Fiscal Year because of the application of the Annual Tax Credit Loss Interest Limit, the amount that cannot be paid (including interest on such amount, calculated as described in clause (ii) above) shall be paid on the following September 15 Tax Credit Loss Interest Payment Date(s) to the extent it can be paid under the Annual Tax Credit Loss Limit for that Fiscal Year.~~

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 2010A 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 2010A 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 2010A 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 2010A Certificates called for redemption, which moneys are or will be available for redemption of Series 2010A 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 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.~~

~~Tax Credit, Principal Strip and Tax Credit Strip~~

~~The State has designated this certificate as a qualified school construction bond within the meaning of Section 54F of the Code. The Owner of this certificate has the right to claim a Tax Credit with respect to this certificate on its federal income tax return in accordance with and subject to Sections 54F and 54A of the Code and, under certain circumstances, may be entitled to receive Tax Credit Loss Interest and Additional Tax Credit Loss Interest (all of which, collectively, are referred to as the Tax Credit Component of this certificate). The other rights of the Owner of this certificate are referred to as the Principal Component of this certificate and include the right to payment of the principal of and Supplemental Interest on this certificate in accordance with the Indenture and the other rights of the Owner of this certificate under the Indenture based on the principal amount of this certificate that are not included in the Tax Credit Component. Each Series 2010A Certificate will initially be delivered in a form that combines the Tax Credit Component and the Principal Component of such Series 2010A Certificate but with a Tax Credit Coupon attached. In accordance with the Series 2010 Supplemental Indenture, upon receipt by the Trustee of a Stripping Request in the form of Appendix F to the Series 2010 Supplemental Indenture, signed by the Owner of this certificate and accompanied by this certificate, this certificate shall be Stripped to create a separate Tax Credit Strip and Principal Strip, the Owners of each which shall, after such Stripping, have the respective rights described in the Series 2010 Supplemental Indenture, which includes, among other provisions, provisions for the allocation of the redemption price of Series 2010A Certificates and moneys received from the exercise of remedies under Article VII of the Master Indenture between the Owners of Tax Credit Strips and Principal Strips.~~

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.~~

~~The State has designated this certificate as a qualified school construction bond within the meaning of Section 54F of the Internal Revenue Code of 1986, as amended (the "Code"). Although this certificate evidences an undivided interest in the right to receive amounts designated as and payable as interest by the State under the Leases, interest received by the Owner of this certificate is not excludable from gross income for federal income tax purposes under Section 103 of the Code.~~

~~This certificate is issued with the intent that the laws of the State of Colorado shall govern its legality, validity, enforceability and construction.~~

~~This certificate shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Indenture, unless it shall have been manually signed on behalf of the Trustee.~~

[Remainder of page intentionally left blank]

~~IN WITNESS WHEREOF, this certificate has been executed with the manual signature of an authorized signatory of the Trustee as of the date specified above.~~

~~ZIONS FIRST NATIONAL BANK, as Trustee~~

~~By _____
Authorized Signatory~~

~~[PRINCIPAL STRIP LEGEND]~~

~~[If a separate Tax Credit Strip and a separate Principal Strip have been created for this certificate in accordance with the Series 2010 Supplemental Indenture, the following legend shall be applied to this certificate to evidence that it is a Principal Strip.]~~

~~This is a PRINCIPAL STRIP of one of the State of Colorado Building Excellent Schools Today Certificates of Participation Qualified School Construction Series 2010A described in the Indenture. The Owner this Principal Strip does not have the right to claim a Tax Credit with respect to this certificate and is not entitled to any of the other rights of the Owner of the Tax Credit Strip created in connection with the Stripping of this certificate under the Indenture. The undersigned has duly executed this Principal Strip on _____.~~

~~Principal Strip CUSIP number: _____~~

~~ZIONS FIRST NATIONAL BANK, as Trustee~~

~~By _____
Authorized Signatory~~

ASSIGNMENT

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

~~FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto _____ the within certificate and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to transfer the within certificate on the records kept for registration thereof, with full power of substitution in the premises.~~

~~Dated: _____~~

~~NOTICE: The signature to this Assignment must correspond with the name as written on the face of the within certificate in every particular, without alteration or enlargement or any change whatsoever.~~

~~Signature Guaranteed by a Member of a Medallion Signature Program:~~

~~_____~~

~~Address of transferee:~~

~~_____

_____~~

~~Social Security or other tax identification number of transferee:~~

~~_____~~

EXHIBIT 1

TAX CREDIT COUPON

relating to

**STATE OF COLORADO
BUILDING EXCELLENT SCHOOLS TODAY
CERTIFICATES OF PARTICIPATION
QUALIFIED SCHOOL CONSTRUCTION SERIES 2010A**

Notional amount: \$ _____

Sale Date of Related Certificate	Issuance Date of Related Certificate	Maturity Date of Related Certificate	Tax Credit Rate	CUSIP no. of Related Certificate before Stripping	CUSIP no. of Related Principal Strip after Stripping
-	-	-	9/15/2009	12/15/2009	
3/15/2010	6/15/2010	9/15/2010	9/15/2010	12/15/2010	
3/15/2011	6/15/2011	9/15/2011	9/15/2011	12/15/2011	
3/15/2012	6/15/2012	9/15/2012	9/15/2012	12/15/2012	
3/15/2013	6/15/2013	9/15/2013	9/15/2013	12/15/2013	
3/15/2014	6/15/2014	9/15/2014	9/15/2014	12/15/2014	
3/15/2015	6/15/2015	9/15/2015	9/15/2015	12/15/2015	
3/15/2016	6/15/2016	9/15/2016	9/15/2016	12/15/2016	
3/15/2017	6/15/2017	9/15/2017	9/15/2017	12/15/2017	
3/15/2018	6/15/2018	9/15/2018	9/15/2018	12/15/2018	
3/15/2019	6/15/2019	9/15/2019	9/15/2019	12/15/2019	
3/15/2020	6/15/2020	9/15/2020	9/15/2020	12/15/2020	
3/15/2021	6/15/2021	9/15/2021	9/15/2021	12/15/2021	
3/15/2022	6/15/2022	9/15/2022	9/15/2022	12/15/2022	
3/15/2023	6/15/2023	9/15/2023	9/15/2023	12/15/2023	
3/15/2024	-	-	-	-	

Dated: _____, 2010

Registered Owner: ~~_____~~ ****CEDE & CO.****

Tax Identification Number: ~~13-2555119~~

Notional Amount of this

Tax Credit Coupon: ~~_____~~ ****_____ DOLLARS****

~~THIS CERTIFIES THAT the registered owner specified above, or registered assigns, has the right to claim a Tax Credit on its federal income tax return in accordance with and subject to Sections 54F and 54A of the Code with respect to the State of Colorado Building Excellent Schools Today Certificates of Participation Qualified School Construction Series 2010A~~

~~identified above (the “Related Certificate”), which has been designated as a qualified school construction bond pursuant to Section 54F of the Code. Capitalized terms used but not defined herein have the meaning assigned to them in the Glossary attached to the State of Colorado Building Excellent Schools Today Master Trust Indenture dated as of August 12, 2009 (the “Master Indenture”) by Zions First National Bank, as Trustee, as such Glossary has been amended, supplemented and restated by the Glossary attached to the State of Colorado Building Excellent Schools Today Series 2010 Supplemental Indenture dated as of _____ 2010 (the “Series 2010 Supplemental Indenture”) by the Trustee and as it may be further amended, supplemented and restated from time to time. The Master Indenture, as supplemented by the State of Colorado Building Excellent Schools Today Series 2009A Supplemental Indenture dated as of August 12, 2009 by the Trustee and as amended and supplemented by the Series 2010 Supplemental Indenture is referred to as the “Indenture.”~~

~~The Owner of this Tax Credit Coupon on (a) each March 15, June 15, September 15, and December 15, beginning on the date of issuance of the Related Certificate and ending on the date the Related Certificate matures or is redeemed and (b) the date on which the Related Certificate matures or is redeemed (the “Tax Credit Allowance Dates”) shall have the right to claim a credit on its federal income tax return in an amount equal to 25% of the annual credit determined with respect to the Related Certificate (adjusted for periods of less than three months), being the product of: (i) the applicable Tax Credit Rate set forth above and (ii) the outstanding face amount of the Related Certificate.~~

~~The terms of the Related Certificate are incorporated herein by this reference as if set forth in full herein. If the Related Certificate has been Stripped to create a separate Principal Strip and a separate Tax Credit Strip (the Principal Strip created by the Stripping of the Related Certificate is referred to as the “Related Principal Strip”), the Owner of this Tax Credit Coupon shall be the Owner of a Tax Credit Strip of the Related Certificate and shall, after such Stripping, have the rights described in the Series 2010 Supplemental Indenture, which includes, among other provisions, provisions for the allocation of the redemption price of Series 2010 Certificates and moneys received from the exercise of remedies under Article VII of the Master Indenture between the Owners of Tax Credit Strips and Principal Strips.~~

~~THE INDENTURE CONSTITUTES THE CONTRACT BETWEEN THE REGISTERED OWNER OF THE RELATED CERTIFICATE, THIS TAX CREDIT COUPON AND ANY SEPARATE PRINCIPAL STRIP AND TAX CREDIT STRIP CREATED BY THE STRIPPING OF THE RELATED CERTIFICATE, AND THE TRUSTEE. THE RELATED CERTIFICATE, THIS TAX CREDIT COUPON AND ANY SEPARATE PRINCIPAL STRIP AND TAX CREDIT STRIP CREATED BY THE STRIPPING OF THE RELATED CERTIFICATE ARE ONLY EVIDENCE OF SUCH CONTRACT AND, AS SUCH, ARE SUBJECT IN ALL RESPECTS TO THE TERMS OF THE INDENTURE, WHICH SUPERSEDES ANY INCONSISTENT STATEMENT IN THE RELATED CERTIFICATE, THIS TAX CREDIT COUPON AND ANY SEPARATE PRINCIPAL STRIP AND TAX CREDIT STRIP CREATED BY THE STRIPPING OF THE RELATED CERTIFICATE.~~

~~This Tax Credit Coupon shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Indenture, unless it shall have been manually signed on behalf of the Trustee.~~

~~IN WITNESS WHEREOF, this Tax Credit Coupon has been executed with the manual signature of an authorized signatory of the Trustee as of the date specified above.~~

~~ZIONS FIRST NATIONAL BANK, as Trustee~~

~~By _____
Authorized Signatory~~

ASSIGNMENT

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

~~FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto _____ the within Tax Credit Coupon and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to transfer the within Tax Credit Coupon on the records kept for registration thereof, with full power of substitution in the premises.~~

~~Dated: _____~~

~~NOTICE: The signature to this Assignment must correspond with the name as written on the face of the within Tax Credit Coupon in every particular, without alteration or enlargement or any change whatsoever.~~

~~Signature Guaranteed by a Member
of a Medallion Signature Program:~~

~~_____~~

~~Address of transferee:~~

~~_____

_____~~

~~Social Security or other
tax identification number of transferee:~~

~~_____~~ **APPENDIX B**

FORM OF SERIES 2010B CERTIFICATE

The State of Colorado, acting by and through the State Treasurer, has designated this certificate as a taxable build America bond within the meaning of Section 54AA of the Internal Revenue Code of 1986, as amended. By accepting this certificate or a beneficial interest herein, the Owner and any owner of any beneficial interest herein agrees to treat the State's obligation to pay Base Rent under any Lease as indebtedness of the State for federal income tax purposes, including in connection with the preparation of all tax returns.

No. R-____

\$ _____

**STATE OF COLORADO
BUILDING EXCELLENT SCHOOLS TODAY
CERTIFICATES OF PARTICIPATION
TAXABLE BUILD AMERICA SERIES 2010B**

Interest Rate _____%	Maturity Date March 15, 20__	Delivery Date <u> </u> , <u>March</u> <u>16</u> , 2010	CUSIP _____
--------------------------------	--	--	-----------------------

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 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, it 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 2010B-C Supplemental Indenture dated as of , March 16, 2010 (the “Series 2010B-C Supplemental Indenture”; the Master Indenture, as previously supplemented by the State of Colorado Building Excellent Schools Today Series 2009A Supplemental Indenture dated as of August 12, 2009 by the Trustee and as amended and supplemented by the Series 2010B-C Supplemental Indenture is referred to as the “Indenture”) by the Trustee. 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 Taxable Build America Series 2010B (the “Series 2010B 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 2010B-C 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 Interest rate set forth above is payable each March 15 and September 15, commencing September 15, 2010 (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 2010B 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 2010B 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 2010B 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 2010B Certificates called for redemption, which moneys are or will be available for redemption of Series 2010B 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 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 Participation Agreement](#), 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.

The State has designated this certificate as a taxable build America bond within the meaning of Section 54AA of the Internal Revenue Code of 1986, as amended (the "Code"). Although this certificate evidences an undivided interest in the right to receive amounts designated as and payable as interest by the State under the Leases, interest received by the Owner of this certificate is not excludable from gross income for federal income tax purposes under Section 103 of the Code.

This certificate is issued with the intent that the laws of the State of Colorado shall govern its legality, validity, enforceability and construction.

This certificate shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Indenture, unless it shall have been manually signed on behalf of the Trustee.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, this certificate has been executed with the manual signature of an authorized signatory of the Trustee as of the date specified above.

ZIONS FIRST NATIONAL BANK, as Trustee

By _____
Authorized Signatory

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:

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APPENDIX **EB**

FORM OF SERIES 2010C CERTIFICATE

No. R-____

\$_____

STATE OF COLORADO
BUILDING EXCELLENT SCHOOLS TODAY
CERTIFICATES OF PARTICIPATION
TAX-EXEMPT SERIES 2010C

Interest Rate	Maturity Date	Delivery Date	CUSIP
_____%	March 15, 20__	_____ , <u>March</u> <u>16</u> , 2010	_____

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 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~~ 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 2010B-C Supplemental Indenture dated as of ~~_____~~, March 16, 2010 (the "Series 2010B-C Supplemental Indenture"; the Master Indenture, as previously supplemented by the State of Colorado Building Excellent Schools Today Series 2009A Supplemental Indenture dated as of August 12, 2009 by the Trustee and as amended and supplemented by the Series 2010B-C Supplemental Indenture is referred to as the "Indenture") by the Trustee. 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 2010C (the "Series 2010C 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 2010B-C 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 Interest rate set forth above is payable each March 15 and September 15, commencing September 15, 2010 (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 2010C 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 2010C 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 2010C 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 2010C Certificates called for redemption, which moneys are or will be available for redemption of Series 2010C 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 Participation Agreement](#), 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.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, this certificate has been executed with the manual signature of an authorized signatory of the Trustee as of the date specified above.

ZIONS FIRST NATIONAL BANK, as Trustee

By _____
Authorized Signatory

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:

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APPENDIX D

**~~LEGAL DESCRIPTION OF LAND INCLUDED IN LEASED PROPERTY SUBJECT TO
THE 2010 LEASE~~**

FORM OF PROJECT ACCOUNT REQUISITION

APPENDIX E

~~TABLE OF REDEMPTION VALUES~~

APPENDIX F

~~FORM OF STRIPPING REQUEST~~

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

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

~~Qualified School Construction Series 2010A~~

Ladies and Gentlemen:

~~The undersigned is the Owner of~~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 ~~Certificates of Participation Qualified School Construction Series 2010A identified below (the “Certificate to be Stripped~~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 and the Building Excellent Schools Today Series 2010B-C Supplemental Trust Indenture dated as of March 16, 2010 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 ~~Glossary attached to the Master Trust Indenture dated as of August 12, 2009 by Zions First National Bank, as trustee, as such Glossary has been amended, supplemented and restated by the Glossary attached to the State of Colorado Building Excellent Schools Today Series 2010 Supplemental Indenture dated as of _____, 2010 (the "Series 2010 Supplemental Indenture"), and as it may be further amended, supplemented and restated. In accordance with Section 1.06 of the Series 2010 Supplemental Indenture, the undersigned hereby requests that the Trustee:~~Master Indenture.

The Participating K-12 Institution and the State, in accordance with the Master Indenture and the Participating K-12 Institution's Sublease or Participation Agreement, 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) assign a new CUSIP number to the Certificate to be Stripped that is distinct from the CUSIP number for the Certificate to be Stripped before it is Stripped and insert the new CUSIP number (or confirm that such a CUSIP number has been assigned and inserted) and the date on, and execute, the “Principal Strip Legend” section of the Certificate to be Stripped (the Certificate to be Stripped, as so modified, is referred to as the “Principal Strip”);~~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) assign a CUSIP number to such Tax Credit Coupon that is distinct from the CUSIP number for the Certificate to be Stripped before it is Stripped, and the new CUSIP number assigned to the Principal Strip pursuant to paragraph (a) above and insert the new CUSIP number (or confirm that such a CUSIP number has been assigned or inserted) on the Tax Credit Coupon under “CUSIP number of Tax Credit Strip” (the Tax Credit Coupon, as so modified, is referred to as the “Tax Credit Strip”);~~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) deliver the Principal Strip and the Tax Credit Strip in accordance with the delivery instructions set forth below; and~~If the Participating K-12 Institution is a Sublessee under a Sublease and 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) register the ownership of the Principal Strip and the Tax Credit Strip in the records for registration and transfer of Certificates maintained by the Trustee pursuant to the Master Indenture~~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.

~~The undersigned agrees that the Trustee may require the payment, by the Owner of the Certificate to be Stripped, of any reasonable charges, as well as any taxes, transfer fees or other governmental charges required to be paid with respect to the Stripping of the Certificate to be Stripped.~~

~~The below signature of the Owner of the Certificate to be Stripped must correspond with the name in which the Certificate to be Stripped is registered on the records maintained by the Trustee pursuant to the Master Indenture for the registration and transfer of the Certificates.~~

Certificate to be Stripped CUSIP number: _____
Certificate to be Stripped principal amount: _____
Delivery instructions for Principal Strip: _____

Delivery instructions for Tax Credit Strip: _____

DATE OF STRIPPING REQUEST:

SIGNATURE OF OWNER OF CERTIFICATE
TO BE STRIPPED:

(e) If the Participating K-12 Institution is a Sublessee under a Sublease, the Sublease is in full force and effect and no Event of Default or Event of Nonappropriation has occurred and is continuing thereunder; if the Participating K-12 Institution is a Participant under a Participation Agreement, such Participation Agreement is in full force and effect no default by such Participating K-12 Institution 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 or Participant 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.

NAME OF SUBLESSEE REPRESENTATIVE
OR PARTICIPANT REPRESENTATIVE:

By _____

~~SOCIAL SECURITY OR TAX
IDENTIFICATION NUMBER OF OWNER OF
CERTIFICATE TO BE STRIPPED:~~

~~SIGNATURE GUARANTEED BY MEMBER
OF A SIGNATURE MEDALLION
SIGNATURE PROGRAM:~~

Sublessee Representative or Participant
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 **GD**

LEGAL DESCRIPTION OF LAND INCLUDED IN LEASED PROPERTY
SUBJECT TO THE 2010B-C LEASE

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APPENDIX E

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 Sublessee Participating K-12 Institution pursuant to a Sublease, the costs and expenses incurred by the Sublessee 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 Sublessee Participating K-12 Institution pursuant to a Sublease are not included in the Trust Estate.~~“*Additional Tax Credit Loss Interest*” means any additional amount payable on the Series 2010A Certificates pursuant to Section 1.03(b)(ii) of the Series 2010 Supplemental Indenture on and after a Tax Credit Conversion Date has occurred with respect to the Series 2010A Certificates.~~

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

“*Adverse Tax Event*” means:

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

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

(c) with respect to a Tax-Exempt Certificate, an event that would cause interest on 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 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.

~~“*Annual Tax Credit Loss Interest Limit*” means the limit on Additional Tax Credit Loss Interest that may be paid in any Fiscal Year under Section 1.03(b)(iii) of the Series 2010 Supplemental Indenture.~~

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

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

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

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

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

“*Base Rent*” means (a) when used with respect to amounts payable by the State pursuant to a Lease, the amounts designated and paid as Base Rent under such Lease; and (b) when used with respect to amounts payable by a ~~Sublessee~~Participating K-12 Institution pursuant to a Sublease, the payments, if any, by the ~~Sublessee~~Participating K-12 Institution pursuant to such Sublease that are designated and paid as Base Rent under such Sublease. Base Rent payable by ~~Sublessees~~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 2010B-C 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 institution that has granted or entered into ~~the~~a charter-school’s charter.

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

“*Comparable Treasury Issue*” means 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 2010B 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 the 2010B Certificates being redeemed.

“*Comparable Treasury Price*” means with respect to any redemption date (a) 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 (b) if such release (or any successor release) is not published or does not contain such prices on such business day, (i) the average of five Reference Treasury Dealer Quotations for such redemption date, after excluding the highest

and lowest such Reference Treasury Dealer Quotations, or (ii) if the Trustee, or the independent accounting firm or financial advisor retained, 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 or Participation Agreement of the ~~Sublessee~~Participating K-12 Institution for which the Project was financed.

“*Completion Date*” for each Project is defined in the Sublease or Participation Agreement of the ~~Sublessee~~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, Participation Agreement or Matching Moneys Bond, ~~Matching Moneys Fund, Matching Moneys Fund Agreement~~, 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.

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

“*Event of Default*” means (a) when the term is used in the 2009A Lease or the 2010B-C Lease or is used to refer to an event occurring under the 2009A Lease or the 2010B-C Lease, an event described in Section 11.01 of the 2009A Lease or the 2010B-C Lease, as applicable; (b) when the term is used in a Sublease with respect to Leased Property subject to the 2009A Lease or is used to refer to an event occurring under such a Sublease, an event described in Section 11.01 of such Sublease; (c) when the term is used in a Sublease with respect to Leased Property subject to the 2010B-C Lease or an event occurring under such a Sublease, an event described in Section 12.01 of such Sublease; (d) when the term is used in a Site Lease with respect to Leased

Property subject to the 2009A Lease or the 2010B-C 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; (e) when the term is used in any other Lease, Sublease or Site Lease or is used to refer to an event occurring under any other Lease ~~or~~, Sublease or ~~the~~ Site Lease, any event similar to an event described in clause (a), (b), (c) or (d) of this definition; and (f) when the term is used in the Indenture, an Event of Default under the 2009A Lease ~~or~~, the 2010B-C Lease; or any other Lease.

“*Event of Nonappropriation*” means (a) when the term is used in the 2009A Lease or the 2010B-C Lease or is used to refer to an event occurring under the 2009A Lease or the 2010B-C Lease, an event described in Section 5.04(b) of the 2009A Lease or the 2010B-C Lease, as applicable; (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 a Sublease with respect to Leased Property subject to the 2010B-C Lease or is used to refer to an event occurring under such a Sublease, an event described in Section 6.04(b) of such Sublease; (d) when the term is used in any other Lease or Sublease or is used to refer to an event occurring under any other Lease or Sublease, any similar event; and (e) when the term is used in the Indenture, an Event of Nonappropriation under the 2009A Lease, the 2010B-C Lease or any other Lease.

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

“*Fair Market Value*” means:

(a) with respect to real property improved pursuant to a Project after ~~a Certificate of the~~ Completion ~~has been delivered with respect to such~~ 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 ~~in the Site Lease pursuant to which such property is leased to the Trustee, 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 ~~a Certificate of the~~ Completion ~~has been delivered with respect to such~~ Date for the Project; (i) the sum of (A) the value of the land included in such property as estimated by the Site Lessor ~~in the Site Lease pursuant to which such property is leased to the Trustee;~~ plus (ii) the sum of 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 into the Project Account for such Project, (B) and Allocated Investment Earnings deposited or expected to be deposited into such the Project Account and for the Project; (B) the amount expected to be expended on the

Project from the Assistance Fund; (C) the amount previously expended on ~~improvements to such property from such~~the Project from sources other than the Project Account; ~~minus (iii) or the Assistance Fund;~~ and (D) the amount ~~that has been or is expected to be spent from such Project Account to acquire or improve property for the Sublessee for which such Project Account was established that is not included in the Leased Property;~~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 ~~the~~ property for which a value is determined pursuant to clauses (a), (b) and/or (c) above, 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 payments by the federal government in connection with the interest on Taxable Build America Certificates pursuant to Sections 54AA(g) and 6431 of the Code.

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

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

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

“*Governing Body*” means, (a) when used with respect to a Participating K-12 Institution that is a school district, the Board of Education of such school district; (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 or Sublease is executed and delivered (unless a different commencement date is specifically set forth in such Lease or Sublease) and ending on the following June 30.

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

“*Interest 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 Series 2010B-C Certificates, March 15 and September 15, commencing on September 15, 2010; and (c) 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. ~~Tax Credit Loss Interest and Additional Tax Credit Loss Interest are not payable on Interest Payment Dates.~~

“*Interest Strip*” means an instrument evidencing the right to receive the interest on a Qualified School Construction Certificate or Tax Credit Build America Certificate independently of the right to receive the tax credit available to the owner of, 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 subject to the 2009A Lease and the 2010B-C Lease, 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 ~~Sublessee~~Participating K-12 Institution’s Leased Property under a Sublease that is subject to the 2009A Lease and the 2010B-C Lease, the land described in Exhibit B to such Sublease, subject to the terms of such Sublease relating to modifications and substitutions of Leased Property; (c) with respect to the land included in a Site Lessor’s Leased Property under a Site Lease that is subject to the 2009A Lease and the 2010B-C Lease, the land described in Exhibit A to such Site Lease, subject to the terms of such Site Lease relating to modifications and substitutions of Leased Property; and (d) with respect to the land included in the Leased Property subject to any other Lease, Sublease or Site Lease, the land described in the such Lease, Sublease or Site Lease on the date such Lease, Sublease or Site Lease is executed and delivered, subject to the terms of such Lease, Sublease or Site Lease relating to modifications and substitutions of Leased Property.

“*Lease*” means (a) when the term is used in a particular Building Excellent Schools Today Lease Purchase Agreement to refer to “this Lease,” the particular Building Excellent Schools Today Lease Purchase Agreement in which the term is used; (b) when the term is used in the Indenture or another document other than a Building Excellent Schools Today Lease Purchase Agreement and is not preceded by the Series designation of the Lease, any of the Building Excellent Schools Today Lease Purchase ~~Agreement~~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 the 2009A Lease and the 2010B-C Lease: (i) the Base Rent; (ii) all Federal Direct Payments 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 ~~Sublessee~~Participating K-12 Institution under a Sublease or Participation Agreement 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 the 2009A Lease, Section 3.01 of the 2010B-C Lease and any similar provision of any other Lease.

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

“*Master Indenture*” means the State of Colorado Building Excellent Schools Today Master Trust Indenture dated as of August 12, 2009 by the Trustee, as it ~~may be~~has been supplemented and amended by the 2009A Supplemental Indenture and the 2010B-C 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 ~~a Sublessee~~ and delivered to the State to satisfy ~~the Sublessee~~ Participating K-12 Institution’s obligation to pay Matching Moneys with respect to its Project.

“*Matching Moneys Installment Payments*” means periodic payments by a ~~Sublessee~~ Participating K-12 Institution designated as Matching Moneys Installment Payments in a Sublease or Participation Agreement that the ~~Sublessee~~ Participating K-12 Institution has agreed to pay to satisfy the ~~Sublessee~~ Participating K-12 Institution’s obligation to pay Matching Moneys with respect to its Project. ~~“Maximum Annual Tax Credit Loss Interest” means the maximum amount of Additional Tax Credit Loss Interest that may be paid in any Fiscal Year under the Annual Additional Tax Credit Loss Interest Limit.~~

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

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

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

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

- (a) Certificates canceled or which shall have been surrendered to the Trustee for cancellation;
- (b) Certificates in lieu of which other Certificates have been executed under Section 2.05 or 2.06 of the Master Indenture;
- (c) Certificates which have been redeemed as provided in Article IV of the Master Indenture (including Certificates redeemed on payment of an amount less than the outstanding principal thereof and accrued interest thereon to the redemption date);
- (d) Certificates which are due and for which the Trustee holds funds for the benefit of the Owner thereof pursuant to Section 3.05 of the Master Indenture;
- (e) Certificates which are otherwise deemed discharged pursuant to Section 9.01 of the Master Indenture; and
- (f) Certificates held by the State.

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

“*Participant*” means a Participating K-12 Institution that is not a Sublessee under a Sublessee.

“Participant Representative” means a Person identified as such in a Participant’s Participation Agreement.

“Participation Agreement” means an agreement between the State and the Assistance Board and a Participant with respect to the financing of the Participant’s Project.

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

“Permitted Encumbrances” means, as of any particular time, (a) liens for taxes and assessments not then delinquent, or liens which may remain unpaid pursuant to Section 7.02(b) of the 2009A Lease or the 2010B-C Lease or any similar provision of any other Lease; (b) the Leases, the Indenture, the Site Leases and the Subleases; (c) easements, licenses, rights-of-way, rights and privileges, reversion clause, use or other restrictions and exceptions which a State Representative certifies will not materially adversely affect the value, or interfere with or impair the effective use or operation, of the Leased Property, including easements granted pursuant to Section 7.03 of the 2009A Lease or the 2010B-C Lease or any similar provision of any other Lease; (d) any financing statements filed with respect to the Trustee’s interest in the Leased Property, the Leases, the Site Leases or the Subleases; (e) any encumbrance represented by financing statements filed to perfect purchase money security interests in any portion of or all of the Leased Property; (f) any claim filed pursuant to C.R.S. § 38-26-107; (g) any applicable zoning requirements; and (h) such minor defects, irregularities, encumbrances and clouds on title as normally exist with respect to property of the general character of the Leased Property and as do not, as certified by the Site Lessor that leased the Leased Property to the Trustee, materially impair title to the Leased Property. In addition, with respect to the Leased Property described in Exhibit A to the State of Colorado Building Excellent Schools Today Sublease Agreement dated as of August 12, 2009 between Sargent School District RE-33J and the State, Permitted Encumbrances includes the deed restriction providing that the ownership of the Leased Property reverts to a third party if such Leased Property is not used for school purposes.—~~[ANY ADDITIONAL PERMITTED ENCUBRANCES FOR ANY OF THE 2010 PARTICIPATING K-12 INSTITUTIONS?]~~

“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 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 Qualified School Construction Certificate or Tax Credit Build America Certificate.

“*Project*” means (a) when the term is used to refer to a Project financed with the proceeds of a Series of Certificates, a capital construction project as defined in the Act that is financed with the proceeds of such Series of Certificates; (b) when the term is used in a particular Lease, a capital construction project as defined in the Act that is financed with proceeds of Certificates with the same Series designation as the Lease; (c) when the term is used together with a possessive reference to a [Sublessee Participating K-12 Institution](#), a capital construction project as defined in the Act that is identified as the Project of such [Sublessee Participating K-12 Institution](#) in a Lease, a Sublease, [a Participation Agreement](#), 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 [Sublessee Participating K-12 Institution](#)’s share of an amount payable (or another amount to be allocated among [Sublessees 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 [Sublessee 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

~~Sublessees~~ 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 ~~Sublessee~~ Participating K-12 Institution's share of the sum of all amounts payable (or all other amounts to be allocated among Sublessees) pursuant to all the Leases for a particular category of cost or expense (or for a particular purpose), the share determined by multiplying the sum of all such amounts by a fraction, the numerator of which is the costs of the ~~Sublessee~~ 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 ~~Sublessees~~ 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 Certificate of any Series of Certificates designated as Qualified School Construction Certificates in the Supplemental Indenture authorizing the issuance of the Series of Certificates of which such Certificate is a part.

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

“*Rebate Fund*” means the special fund created by Section 3.04 of the Master Indenture.

“*Record Date*” means, (a) with respect to each ~~Interest Payment Date or Tax Credit Loss~~ 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 ~~or Tax Credit Loss Interest Date~~ that occurs a day other than the first day of a calendar month, the first day of the month (whether or not a Business Day) in which the Interest Payment Date ~~or Tax Credit Loss Interest Payment Date~~ occurs.

“*Reference Dealer*” means (a) 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 (b) 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, 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 year and ending on June 30 of such year, for which the State renews a Lease Term or a Sublessee renews a Sublease Term after the Initial Term of such Lease or Sublease.

“*Rent*” means Base Rent and Additional Rent, collectively.

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

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

“*Scheduled Lease Term*” means the period that begins on the first day of the Initial Term of a Lease and ends on (a) in the case of the 2009A Lease and the 2010B-C Lease, the date described in Section 3.01(b)(i) of such Lease and (b) in the case of any other Lease, the date described in any similar provisions of that Lease.

“*Scheduled Site Lease Term*” means the period that begins on the first day of the Site Lease Term of a Site Lease and ends on (a) in the case of a Site Lease pursuant to which Leased Property is leased to the Trustee that is leased by the State pursuant to the 2009A Lease and the 2010B-C Lease, the date described in Section 3.01(a)(i) of such Site Lease and (b) in the case of any other Site Lease, the date described in any similar provision of that Site Lease.

“*Scheduled Sublease Term*” means the period that begins on the first day of the Initial Term of a Sublease and ends on (a) in the case of Subleases with respect to the Leased Property subject to the 2009A Lease and the 2010B-C Lease, the date described in Section 3.01(b)(i) of such Sublease and (b) with respect to any other Sublease, the date described in any similar provisions of that Sublease.

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

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

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

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

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

~~“*Series 2010 Supplemental Indenture*” means the State of Colorado Building Excellent Schools Today Series 2010 Supplemental Trust Indenture dated as of _____, 2010 by the Trustee, as it may be amended or supplemented from time-to-time by a Supplemental Indenture or otherwise.~~

~~“*Series 2010A Certificates*” means the State of Colorado Building Excellent Schools Today Certificates of Participation, Qualified School Construction Series 2010A authorized by the Series 2010 Supplemental Indenture.~~

~~“*Series 2010A Sinking Fund Account*” means the Sinking Fund Account created for the payment of the Series 2010A Certificates by Section 3.02 of the Master Indenture.~~

~~“*Series 2010A Sinking Fund Principal*” means the payments of Base Rent by the State pursuant to the 2010 Lease that are designated and paid as Series 2010A Sinking Fund Principal under the 2010 Lease.~~

~~“*Series 2010A Supplemental Interest*” means the Supplemental Interest payable on the Series 2010A Certificates pursuant to the Series 2010 Supplemental Indenture.~~

“*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.

“*Sinking Fund Account*” means one of the special accounts of the Certificate Fund established and designated as such by Section 3.01 of the Master Indenture. The name of each

Sinking Fund Account shall include the same Series designation as the Series of Qualified School Construction Certificates for which it is established.

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

“*Site Lease*” means a lease pursuant to which a 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 each of the Site Leases with respect to the Leased Property that is subject to the 2009A Lease and the 2010B-C Lease and any similar provision of any other 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 ~~the~~a Site Lessor’s 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 or Participation Agreement of the ~~Sublessee~~Participating K-12 Institution for which such Project was financed.

“*State*” means (a) when used with respect to a party to a Sublease or Participation Agreement, 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 or Participation Agreement, 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 and the Participation Agreements.

“*State’s Purchase Option Price*” means (a) when the term is used to refer to the State’s Purchase Option Price under the 2009A Lease or the 2010B-C Lease, the amount that the State must pay to purchase the interest of the Trustee in all the Leased Property subject to the such Lease pursuant to Section 8.01 of such Lease; and (b) when the term is used to refer to the State’s Purchase Option Price under any other Lease, the amount that the State must pay to purchase the interest of the Trustee all the Leased Property subject to such Lease or a portion of the Leased Property subject to such Lease, as applicable, pursuant to any similar provision(s) of that Lease.

“*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 ~~Sublessee~~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 each of the Subleases with respect to the Leased Property that is subject to the 2009A Lease and the 2010B-C Lease and any similar provision of any other Sublease.

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

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

“*Sublessee’s Purchase Option Price*” means (a) when the term is used to refer to the Sublessee’s Purchase Option Price under any Sublease with respect to Leased Property subject to the 2009A Lease, the amount that the Sublessee must pay to purchase the interest of the Trustee in all the Leased Property subject to such Sublease following an Event of Default or Event of Nonappropriation under the 2009A Lease pursuant to Section 8.01 of such Sublease; (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 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 2010B-C Lease pursuant to Section 9.01 of such Sublease; and (c) when the term is used to refer to the Sublessee’s Purchase Option Price under any Sublease with respect to Leased Property subject to any other

Lease, the amount that the Sublessee must pay to purchase the interest of the Trustee in all the Leased Property subject to such Sublease following an Event of Default or Event of Nonappropriation under such Lease pursuant to any similar provision of that Sublease.

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

“*Supplemental Interest*” means, with respect to any 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. ~~Supplemental Interest does not include Tax Credit Loss Interest or Additional Tax Credit Loss Interest.~~

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

“*Tax Credit Allowance Date*” means, with respect to each Qualified School Construction Certificate and any Tax Credit Strip relating to a 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 Qualified School Construction Certificate matures or is redeemed and (b) the date on which such 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 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 ~~and to receive any Tax Credit Loss Interest or Additional Tax Credit Loss Interest.~~ “*Tax Credit Conversion Date*” means the July 1 following the first January 1 succeeding a Tax Credit Loss Determination Date.

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

~~“*Tax Credit Loss Determination*” means (a) a final determination by the United States Internal Revenue Service (after the State has exhausted all administrative appeal remedies) determining that a Tax Credit Loss Event has occurred and specifying the Tax Credit Loss Determination Date; or (b) a non-appealable holding by a court of competent jurisdiction holding that an Tax Credit Loss Event has occurred and specifying the Tax Credit Loss Determination Date.~~

~~“*Tax Credit Loss Determination Date*” means the date specified in a Tax Credit Loss Determination as the date from and after which the affected Qualified School Construction~~

~~Certificates lost their status, or failed to qualify, as qualified school construction bonds within the meaning Section 54F of the Code as a result of a Tax Credit Loss Event, which date could be as early as the date of issuance of the affected Qualified School Construction Certificates.~~

~~“Tax Credit Loss Event” means (a) any act or any failure to act on the part of the State, which act or failure to act (i) is a breach of a covenant or agreement of the State contained in a Lease or the Tax Compliance Certificate delivered by the State in connection with the issuance of the affected Qualified School Construction Certificates and (ii) causes the Qualified School Construction Certificates to lose their status, or fail to qualify, as qualified school construction bonds within the meaning of Section 54F of the Code; or (b) the making by the State of any representation contained in a Lease or the Tax Compliance Certificate delivered by the State in connection with the issuance of the affected Qualified School Construction Certificates, which representation was untrue when made and the untruth of which representation at such time causes the Qualified School Construction Certificates to lose their status, or fail to qualify, as qualified school construction bonds within the meaning of Section 54F of the Code.~~

~~“Tax Credit Loss Interest” means the interest payable on the Series 2010A Certificates pursuant to Section 1.03(b)(i) of the Series 2010 Supplemental Indenture.~~

~~“Tax Credit Loss Interest Payment Date” means, with respect to each Series 2010A Certificate, (a) each March 15, June 15, September 15 and December 15 following a Tax Credit Conversion Date for the Series 2010A Certificates through the date such Series 2010A Certificate matures or is redeemed and (b) the date on which such Series 2010A Certificate matures or is redeemed.~~

“Tax Credit Rate” means, with respect to any 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 Qualified School Construction Certificate or Tax Credit Build America Certificate independently of the right to receive the principal of or the interest on such Qualified School Construction Certificate or Tax Credit Build America Certificate.

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

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

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

“*Taxable 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.

“*Total Scheduled Base Rent*” means, for any Base Rent Payment Date, the sum of the Amortizing Principal, Series 2010A ~~Sinking Fund Principal, Series 2010A Supplemental Interest, Series 2010B~~ Interest and Series 2010C Interest components of Base Rent payable pursuant to the 2010B-C Lease on such Base Rent Payment Date.

~~“*Total Scheduled Base Rent + Maximum Annual Tax Credit Loss Interest*” means, for any Base Rent Payment Date, the sum of the Total Scheduled Base Rent, the Tax Credit Loss Interest component of Base Rent and, subject to the Annual Tax Credit Loss Interest Limit, the Additional Tax Credit Loss Interest payable 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 and the Participation Agreements 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 2010A Certificates~~, 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 ~~County~~ School District RE-2, Colorado School for the Deaf and Blind, ~~Moffat Consolidated School District #2~~, 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 ~~Sublessees as Sublessees~~ 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.

“*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 or Participation Agreement of the ~~Sublessee~~ Participating K-12 Institution for which such Project was financed.

Document comparison by Workshare Professional on Tuesday, March 09, 2010
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Input:	
Document 1 ID	c:\NetDocs\Colorado BEST 2010 Supplemental Indenture(1).doc
Description	c:\NetDocs\Colorado BEST 2010 Supplemental Indenture(1).doc
Document 2 ID	c:\NetDocs\Colorado BEST 2010 Supplemental Indenture.doc
Description	c:\NetDocs\Colorado BEST 2010 Supplemental Indenture.doc
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Legend:	
Insertion	
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Split/Merged cell	
Padding cell	

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	Count
Insertions	382
Deletions	488
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	870

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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 2010B-C 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 , [March 16](#), 2010

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**STATE OF COLORADO
BUILDING EXCELLENT SCHOOLS TODAY
SERIES 2010B-C LEASE PURCHASE AGREEMENT**

This State of Colorado Building Excellent Schools Today Series 2010B-C Lease Purchase Agreement (this “Lease”) is dated as of _____, March 16, 2010 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 2010B-C Supplemental Trust Indenture dated _____, March 16, 2010 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 or Participation Agreement with each such Eligible K-12 Institution, ~~in its capacity as Sublessee, to sublease 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 ~~its~~ the Eligible K-12 Institution’s Project to such ~~Sublessee~~ 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 or Participation Agreement with respect to its Project and, if it is entering into a Sublease, to enter into a Sublease with respect to the ~~Participating K-12 Institution’s~~ Leased Property subject to Sublease.

B. The Assistance Board has recommended and the State Board has approved the financing of the 2010B-C Projects for the 2010B-C 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 2010B-C Projects for the 2010B-C Participating K-12 Institutions and to enter into a Sublease or Participation Agreement with each 2010AB-C Participating K-12 Institution ~~with respect to its Leased Property~~.

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 asuch Participating K-12 Institution ~~that is a charter school~~. 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 ProjectProjects of the Participating K-12 Institutions ~~and other Participating K-12 Institutions identified in other Building Excellent Schools Today Lease Purchase Agreements~~. Two 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 and the 2010B-C Certificates are being issued to finance the 2010B-C Projects for the 2010B-C 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 ~~(assuming the Base Rent payable under this Lease is the Total Scheduled Base Rent + Maximum Annual Tax Credit Loss Interest)~~ and all other outstanding Building Excellent Schools Today Lease Purchase Agreements is less than the maximum total amount of annual lease payments set forth below. If the maximum total amount of annual lease payments of principal or interest payable by the State during any Fiscal Year under this Lease and all other outstanding Building Excellent Schools Today Lease Purchase Agreements is greater than one-half of the maximum amount of annual lease purchase agreements set forth below, the aggregate amount of Matching Moneys expected to be credited to the Assistance Fund pursuant to §§ 22-43.7-110(2)(c) and 22-43.7-104(2)(b)(IV) of the Act and any interest or income derived from the deposit and investment of the Matching Moneys is at least equal to the annual amount of lease payments of principal and interest payable by the State during any Fiscal Year under this Lease and all other outstanding Building Excellent Schools Today Lease Purchase Agreements that exceed one-half of the maximum total amount of annual lease payments set forth below. The maximum total amount of annual lease payments referenced above are:

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

(e) The State will not enter into any Building Excellent Schools Today Lease Purchase Agreements that will cause the maximum total amount of annual lease payments payable by the State during any Fiscal Year under this Lease ~~(assuming the Base Rent payable under this Lease is the Total Scheduled Base Rent + Maximum Annual Tax Credit Loss Interest)~~ and all other outstanding Building Excellent Schools Today Lease Purchase Agreements to exceed the amounts permitted under paragraph (d) of this Section unless the Act is amended to permit larger amounts, in which case such amounts may be increased to the larger amounts permitted by the Act as amended.

(f) The State has agreed in Section 5.01(c) hereof to cause any Federal Direct Payments with respect to the interest component of Base Rent to be paid directly to the Trustee for deposit into the Interest Account of the Certificate Fund. Pursuant to the Indenture, moneys in the Interest Account of the Certificate Fund are irrevocably pledged to the payment of interest on the Certificates for purposes of C.R.S. § 11-59.7-105(4). Accordingly, any Federal Direct Payments expected to be received with respect to the interest component of Base Rent shall be netted against and shall reduce the annual lease payments of the State for purposes of subsections (d) and (e) of this Section and § 22-43.7-110(2) of the Act.

(g) The State Treasurer has provided written notice to the Joint Budget Committee of the Colorado General Assembly that the State Treasurer has determined that the use of interest or income on the deposit and investment of moneys in the State Public School Fund to make lease payments under a lease purchase agreement entered into pursuant to § 24-43.7-110(2) of the Act will prevent the interest component of the lease payments from qualifying for exemption from federal income taxation. The State Treasurer has not rescinded such determination.

(h) This Lease, the financial assistance to Participating K-12 Institutions pursuant to this Lease and the financing pursuant to this Lease, the Series 2009A Certificates and the 2010 B-C Certificates comply with the applicable provisions of the Act.

(i) The State is authorized under the Act to lease the Leased Property from the Trustee and to execute, deliver and perform its obligations under this Lease.

(j) The State has received all approvals and consents required for the State's execution, delivery and performance of its obligations under this Lease and for the financing of the Projects pursuant to this Lease and the Indenture.

(k) This Lease has been duly executed and delivered by the State and is valid and binding obligation enforceable against the State in accordance with its terms, limited only by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, by equitable principles, whether considered at law or in equity, by the exercise by the State and its governmental bodies of the police power inherent in the sovereignty of the State and by the exercise by the United States of America of the powers delegated to it by the Constitution of the United States of America.

(l) The execution, delivery and performance of this Lease by the State does not and will not conflict with or result in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which the State is now a party or by which the State is bound, or constitute a default under any of the foregoing, violate any Requirement of Law applicable to the State or, except as specifically provided in this Lease, the Indenture, the Subleases, the Participation Agreements 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 school districts~~ 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 2010 A-B-C 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

2010 [AB-C](#) 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 ~~each~~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 ~~its~~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; (ii) ~~Series 2010A Sinking Fund Principal;~~B Interest; and (iii) ~~Series 2010A Supplemental Interest; (iv) Series 2010B Interest; (v) Series 2010C Interest; (vi) Tax Credit Loss Interest; and (vii) Additional Tax Credit Loss~~C Interest. The Amortizing Principal, ~~the Series 2010A Sinking Fund Principal, the Series 2010A Supplemental Interest,~~ the Series 2010B Interest and Series 2010C 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 Tax Credit Loss Interest and Additional Tax Credit Loss Interest components of Base Rent are payable only if and to the extent and in the amounts and on the Base Rent Payment Dates provided in subsection (b) of this Section, subject to the Annual Tax Credit Loss Interest Limit. The dollar amounts in the column on Exhibit B entitled “Maximum Annual Tax Credit Loss Interest” for each Base Rent Payment Date is the maximum amount of Tax Credit Loss Interest and Additional Tax Credit Loss Interest payable on such Base Rent Payment Date under the Annual Tax Credit Loss Interest Limit. The column on Exhibit B entitled “Total Scheduled Base Rent + Maximum Annual Tax Credit Loss Interest” is the sum of the Total Scheduled Base Rent and the maximum amount of Tax Credit Loss Interest and Additional Tax Credit Loss Interest payable on the related Base Rent Payment Date. The amounts payable as Series 2010A Supplemental Interest, Series 2010B Interest, and Series 2010C Interest, Tax Credit Loss Interest and, if and to the extent payable without exceeding the Annual Tax Credit Loss Interest Limit, Additional Tax Credit Loss Interest, are designated and paid as, and represent payment of, interest.~~

~~(b) — Tax Credit Loss Interest and Additional Tax Credit Loss Interest. Notwithstanding any other provision hereof:~~

~~(i) — Unless and until a Tax Credit Conversion Date has occurred with respect to the Series 2010A Certificates, only the Amortizing Principal, Series 2010A Sinking Fund Principal, Series 2010A Supplemental Interest, Series 2010B Interest and Series 2010C Interest components of Base Rent are payable, the sums of which for each Base Rent Payment Date are shown in the column on Exhibit B entitled “Total Scheduled Base Rent.”~~

~~(ii) — If a Tax Credit Loss Determination has occurred and a Tax Credit Conversion Date is scheduled to occur with respect to the Series 2010A Certificates:~~

~~(A) — the Base Rent payable on the Base Rent Payment Date immediately following such Tax Credit Conversion Date and the Base Rent payable on each succeeding Base Rent Payment Date through the final maturity of the Series 2010A Certificates (and on the Base Rent Payment Date immediately following the final maturity date of the Series 2010A Certificates if the final maturity date of the Series 2010 Certificates is a date that is not a March 15, June 15, September 15 or December 15) shall include an amount equal to the Tax Credit Loss Interest payable on the Series 2010A Certificates on the Tax Credit Loss Interest Payment Date immediately following such Base Rent Payment Date; and~~

~~(B) — any Additional Tax Credit Loss Interest payable on the Series 2010A Certificates shall, subject to the Annual Tax Credit Loss Interest Limit, be included in the Base Rent payable on (I) the Base Rent Payment Date immediately preceding the first September 15 Tax Credit Loss Interest Payment Date following the Tax Credit Conversion Date or~~

~~(H) if and to the extent the Annual Tax Credit Loss Interest Limit applies to the Additional Tax Credit Loss Interest payable in the Fiscal Year in which such Base Rent Payment Date occurs, the Base Rent Payment Date(s) immediately preceding the next September 15 Tax Credit Loss Interest Payment Date(s) until the Additional Tax Credit Loss Interest is paid in full.~~

(b) ~~(e)~~ ***Federal Direct Payments.*** The State shall cause any Federal Direct Payments with respect to the Series 2010B Interest component of Base Rent to be paid directly to the Trustee for deposit into the Interest Account. Federal Direct Payments received by the Trustee shall be treated as a payment by the State of, and shall be netted against and shall reduce, the Series 2010B Interest component of Base Rent and the total Base Rent payable by the State under this Lease in accordance with subsection (d) of this Section.

(c) ~~(d)~~ ***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;

~~(B) any moneys in the Series 2010A Sinking Fund that (A) exceed the aggregate amount of all Series 2010A Sinking Fund Principal scheduled to be paid on all Base Rent Payments Dates preceding such Base Rent Payment Date and (B) are not held to pay the redemption price of Series 2010A Certificates for which a notice of redemption has been delivered shall be credited against the amount of Series 2010A Sinking Fund Principal and the total Base Rent payable on any Base Rent Payment Date;~~

(B) ~~(C)~~ any moneys in the Interest Account representing Federal Direct Payments (I) that are on deposit in the Interest Account on the second Business Day before a Base Rent Payment Date shall be credited against the Series 2010B Interest component of Base Rent and total Base Rent payable on such Base Rent Payment Date and (II) that are deposited into the Interest Account after the second Business Day before a Base Rent Payment Date shall be credited against the Series 2010B Interest component of Base Rent and total Base Rent payable by the State on the next Base Rent Payment Date; and

(C) ~~(D)~~ any other 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 ~~(A)~~ interest

components of Base Rent ~~in the following order: first, interest that is not Tax Credit Loss Interest or Additional Tax Credit Loss Interest, second, Tax Credit Loss Interest, and, third, Additional Tax Credit Loss Interest payable on any Base Rent Payment Date; and (B)~~ 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. Except as otherwise provided in clause (i) ~~(CB)~~ above with respect to Federal Direct Payments, 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) ~~(e)~~ *Application of Base Rent and Federal Direct Payments by Trustee.* Upon receipt by the Trustee of each payment of Base Rent and each Federal Direct Payment, the Trustee shall apply the amount of such payment:

(i) first, the amount of each Federal Direct Payment and each payment of Base Rent designated and paid as interest, plus the amount of any past due interest on the 2010 B-C 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; ~~and~~

~~(iii) third, the amount of each payment of Base Rent designated and paid as Series 2010A Sinking Fund Principal shall be deposited into the Series 2010A Sinking Fund Account.~~

Section 5.02. Additional Rent. The State shall, subject only to Sections 6.01(b) and 7.02(b) hereof and the other Sections of this Article, pay Additional Rent directly to the Persons to which it is owed (which, in the case of payments required to be made to fund the Rebate Fund pursuant to the Indenture, is the Trustee) in immediately available funds in the amounts and on the dates on which they are due.

Section 5.03. Unconditional Obligations. The obligation of the State to pay Base Rent during the Lease Term shall, subject only to the other Sections of this Article, and the obligation of the State to pay Additional Rent during the Lease Term shall, subject only to Sections 6.01(b) and 7.02(b) hereof and the other Sections of this Article, including, without limitation, Sections 5.04, 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 amounts sufficient to avoid an Event of Nonappropriation under subsection (b) of this Section and (ii) the State has paid all Rent due during the period from June 30 through the date of such appropriation.

(d) If the State shall determine to exercise its annual right to terminate this Lease effective on June 30 of any Fiscal Year, the State shall give written notice to such effect to the Trustee not later than April 1 of such Fiscal Year; provided, however, that a failure to give such notice shall not (i) constitute an Event of Default, (ii) prevent the State from terminating this Lease or (iii) result in any liability on the part of the State.

(e) The State shall furnish the Trustee with copies of all appropriation measures relating to Rent or the Purchase Option Price promptly upon the adoption thereof by the Colorado General Assembly, but not later than 30 days following the adoption thereof by the Colorado General Assembly; provided however, that a failure to furnish copies of such measures shall not (i) constitute an Event of Default, (ii) prevent the State from terminating this Lease or (iii) result in any liability on the part of the State.

(f) The amount included in the budget proposals submitted to the Colorado General Assembly and the amount appropriated by the Colorado General Assembly with respect to Base Rent pursuant to this Section shall be determined without reference to any Federal Direct Payments (i.e., expected Federal Direct Payments shall not be netted against and shall not reduce the amount included in the budget proposals and the amount appropriated even though expected Federal Direct Payments shall be netted against and shall reduce the annual lease payments of the State for purposes of Section 1.02(d) and (e) hereof and § 22-43.7-110(2) of the Act and Federal Direct Payments received by the Trustee shall be credited against the interest component of and total Base Rent payable by the State in accordance with Section 5.01 hereof).

Section 5.05. Limitations on Obligations of the State.

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

(b) The State's obligations under the Lease shall be subject to the State's annual right to terminate this Lease upon the occurrence of an Event of Nonappropriation.

(c) The Certificates evidence undivided interests in the right to receive Lease Revenues and shall be payable solely from the Trust Estate. No provision of the Certificates, the Indenture, any Lease, any Sublease, [any Participation Agreement](#), 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 co insurance penalty.

(d) The insurance required by this Section may be provided under blanket insurance policies which insure not only the risks required to be insured hereunder but also other similar risks or through a self insurance program.

(e) Except for the Leased Property that has been leased to the Trustee by the Colorado School of the Deaf and Blind, 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, in the case of the Colorado School of the Deaf and Blind, the State risk management program, 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 Sublessee, at its own expense, may remodel, or make substitutions, additions, modifications or improvements to, the Leased Property, provided that: (a) such remodeling, substitutions, additions, modifications and additions (i) shall not in any way damage such portion of the Leased Property as it existed prior thereto and (ii) shall become part of the Leased Property; (b) the value of the Leased Property after such remodeling, substitutions, additions, modifications and additions shall be at least as great as the value of the Leased Property prior thereto; (c) the Leased Property, after such remodeling, substitutions, additions, modifications and additions, shall continue to be used as provided in, and shall otherwise be subject to the terms of, this Lease.

Section 7.06. Substitution of Other Property for Leased Property. The State may at any time substitute other property for any portion of the Leased Property upon delivery to the Trustee of the items listed below. Upon delivery thereof, the Trustee shall execute and deliver any documents or instruments requested by the State to accomplish the substitution. The items are:

(a) A certificate by the State certifying that, following such substitution, either (i) the Fair Market Value of the substituted property, determined as of the date of substitution, is equal to or greater than the Fair Market Value of the property for which it is substituted; or (ii) the Fair Market Value of all the Leased Property will be at least equal to 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 Sublessee, 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 2010B-C 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 2010B-C 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 2010B-C 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 2010B-C 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 2010B-C 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 2010B-C Certificates; and (B) if any 2010B-C 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 2010B-C Certificates shall be substituted for the 2010B-C 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 2010B-C 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 2010 ~~B-C~~ Certificates. The State (i) will require each ~~Sublessee~~ Participating K-12 Institution to covenant in its Sublease or Participation Agreement that (A) such ~~Sublessee~~ Participating K-12 Institution will not use or permit any other Person to use such ~~Sublessee~~ 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 ~~Sublessee~~ Participating K-12 Institution will comply with the other certifications, representations and agreements set forth in the ~~tax-compliance-certificate~~ Tax Compliance Certificate executed ~~and delivered~~ in connection with its ~~Matching-Moneys-Bond~~ Sublease or Participation Agreement; and (ii) will enforce such covenant against the ~~Sublessee~~ 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 ~~and~~ the Subleases, [the Participation Agreements](#) or any matter related thereto, including, but not limited to, costs of defending any claim or action brought against the Trustee or its directors, officers, employees or agents relating to the foregoing, in accordance with the schedule attached hereto as Exhibit C. The State shall not, however, pay any fees or expenses incurred in connection with any action or omission, or any liability incurred in connection with any action or omission, that constituted willful misconduct or negligence of the Trustee or its directors, officers, employees or agents.

Section 9.06. Payments to Rebate Fund; Rebate Calculations. The State shall pay to the Trustee as Additional Rent the amount required to be paid to the United States of America on any date on which a rebate payment is due to the extent the amount on deposit in the Rebate Fund is not sufficient. The State also agrees to make or cause to be made all rebate calculations required pursuant to the Indenture and to pay the costs as Additional Rent.

Section 9.07. Investment of Funds. By authorizing the execution and delivery of this Lease, the State specifically authorizes the investment of moneys held by the Trustee in Permitted Investments (as defined in the Indenture), including Permitted Investments where the period from the date of purchase thereof to the maturity date is in excess of five years.

Section 9.08. Application for Federal Direct Payments.

(a) At least 120 days prior to each Interest Payment Date for ~~any 2010 Certificates that are Taxable Build America~~ [the Series 2010B](#) Certificates, the Trustee shall deliver to the State by a delivery method that provides the Trustee with evidence of delivery of a completed Form 8038-CP, which is to be executed by the State Representative. Such Form 8038-CP shall be sent to the attention of the Deputy State Treasurer. The State shall return an executed copy of such Form 8038-CP to the Trustee not later than 90 days prior to such Interest Payment Date by a delivery method which provides the State with evidence of delivery. The State may hire an independent consultant to review such Form 8038-CP. Not more than 90 days and not less than 45 days prior to such Interest Payment Date, the Trustee shall file, or cause to be filed such Form 8038-CP with the Internal Revenue Service Center, Ogden, Utah 84201, or any successor location specified by the Internal Revenue Service, and take such other or additional actions as may be required from time to time under the Code as are within its power and are requested by the State and agreed to by the Trustee to request the Federal Direct Payment with respect to such Interest Payment Date. Upon such filing, the Trustee shall deliver a copy of such Form 8038-CP to the State. The State hereby authorizes and directs the Trustee to take all actions necessary to prepare and file each such Form 8038-CP, and to take such other or additional actions as may be required from time to time under the Code as are within its power and are requested by the State and agreed to by the Trustee, to request the Federal Direct Payment with respect to each such Interest Payment Date. Failure by the Trustee to prepare or file any such Form 8038-CP shall not affect any obligations of the State to pay Rent hereunder.

(b) Each such Form 8038-CP shall authorize the Federal Direct Payment requested in accordance with subsection (a) of this Section to be paid directly to the Trustee. Upon receipt of any Federal Direct Payment, the Trustee shall promptly deposit such payment in the Interest Account of the Certificate Fund and apply it as a credit against the Series 2010B Interest component of Base Rent and total Base Rent in accordance with Section 5.01(c), (d) and (e) hereof.

Section 9.09. Glossary. The State hereby directs the Trustee to amend, supplement and restate the Glossary as set forth in the Series 2010B-C 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 within 90 days following an Event of Nonappropriation in accordance with Section 3.02(b) hereof;

(iv) any sublease, assignment, encumbrance, conveyance or other transfer of the interest of the State in all or any portion of this Lease or the Leased Property in violation of Section 12.02(a) hereof or any succession to all or any portion of the interest of the State in the Leased Property in violation of Section 12.02(b) hereof;

(v) failure by the State to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in clause (i), (ii), (iii) or (iv) above, for a period of 30 days after written notice, specifying such failure and requesting that it be remedied shall be given to the State by the Trustee, unless the Trustee shall consent in writing to an extension of such time prior to its expiration; provided, however, that if the failure stated in the notice cannot be corrected within the applicable period, the Trustee shall not withhold its consent to an extension of such time if corrective action shall be instituted within the applicable period and diligently pursued until the default is corrected; or

(vi) the occurrence of an Event of Default under any other Lease (as the term "Event of Default" is defined in such other Lease).

(b) The provisions of subsection (a) of this Section are subject to the following limitations:

(i) the State shall be obligated to pay Rent only during the Lease Term, except as otherwise expressly provided in Section 3.02(b)(ii) hereof; and

(ii) if, by reason of Force Majeure, the State shall be unable in whole or in part to carry out any agreement on its part herein contained, other than its obligation to pay Rent hereunder, the State shall not be deemed in default during the continuance of such inability; provided, however, that the State shall, as promptly as legally and reasonably possible, remedy the cause or causes preventing the State from carrying out such agreement, except that the settlement of strikes, lockouts and other industrial disturbances shall be solely within the discretion of the State.

Section 11.02. Remedies on Default. Whenever any Event of Default shall have happened and be continuing, the Trustee may take one or any combination of the following remedial steps:

(a) terminate the Lease Term and give notice to the State to immediately vacate the Leased Property in the manner provided in Section 3.02(b) hereof;

(b) sell or lease its interest in all or any portion of the Leased Property, subject to the Sublessees' purchase options under the Subleases;

(c) recover any of the following from the State that is not recovered pursuant to subsection (b) of this Section:

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

(ii) the portion of Base Rent for the then current Fiscal Year that has been specifically appropriated by the Colorado General Assembly, regardless of when the State vacates the Leased Property; and

(iii) the portion of the Additional Rent for the then current Fiscal Year that has been specifically appropriated by the Colorado General Assembly, but only to the extent such Additional Rent are payable prior to the date, or are attributable to the use of the Leased Property prior to the date, the State vacates the Leased Property;

(d) enforce any provision of this Lease by equitable remedy, including, but not limited to, enforcement of the restrictions on assignment, encumbrance, conveyance, transfer or succession under Article XII hereof by specific performance, writ of mandamus or other injunctive relief; and

(e) take whatever action at law or in equity may appear necessary or desirable to enforce its rights in and to the Leased Property under this Lease, subject, however, to the limitations on the obligations of the State set forth in Sections 5.05 and 11.03 hereof.

Section 11.03. Limitations on Remedies. A judgment requiring a payment of money may be entered against the State by reason of an Event of Default only as to the State's liabilities described in Section 11.02(c) hereof. A judgment requiring a payment of money may be entered against the State by reason of an Event of Nonappropriation, or a failure to vacate the Leased Property following an Event of Nonappropriation, only to the extent provided in Section 11.02(c)(i) hereof.

Section 11.04. No Remedy Exclusive. Subject to Section 11.03 hereof, no remedy herein conferred upon or reserved to the Trustee is intended to be exclusive, and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Trustee to exercise any remedy reserved in this Article, it shall not be necessary to give any notice, other than such notice as may be required in this Article.

Section 11.05. Waivers.

(a) The Trustee may waive any Event of Default under this Lease and its consequences. In the event that any agreement contained herein should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

(b) In the event the Trustee waives any Event of Default described in Section 11.01(a)(i) hereof, any subsequent payment by the State of Base Rent then due and owing shall be paid to the Trustee to be applied in accordance with the terms of the Indenture.

ARTICLE XII

TRANSFERS OF INTERESTS IN LEASE OR LEASED PROPERTY

Section 12.01. Trustee's Rights, Title and Interest in Trust for Benefit of Owners; Successor Trustee; Assignment by Trustee. The Trustee shall hold its interest in the Leased Property and its rights, title and interest in, to and under this Lease (other than the Trustee's rights to payment of its fees and expenses and the rights of third parties to Additional Rent payable to them) in trust for the benefit of the Owners pursuant to the Indenture. Any successor trustee under the Indenture shall automatically succeed to previous trustee's interest in the Leased Property and the previous trustee's rights, title, interest and obligations in, to and under this Lease. The Trustee shall not, except as provided in this Section or as otherwise provided elsewhere in this Lease or in the Indenture, assign, convey or otherwise transfer to any Person any of the Trustee's interest in the Leased Property or the Trustee's rights, title or interest in, to or under this Lease.

Section 12.02. Transfer of the State's Interest in Lease and Leased Property Prohibited.

(a) Except as otherwise permitted by Section 7.04 hereof with respect to subleasing or grants of use of the Leased Property, Section 7.06 with respect to substitutions of other property for Leased Property and subsection (b) of this Section with respect to transfers of the Leased Property following termination of this Lease or as otherwise required by law, the State shall not sublease, assign, encumber, convey or otherwise transfer all or any portion of its interest in this Lease or the Leased Property to any Person, whether now in existence or organized hereafter.

(b) Notwithstanding subsection (a) of this Section, the State may transfer its interest in the Leased Property after, and only after, this Lease has terminated and the Leased Property has been conveyed to the State pursuant to Article VIII hereof.

ARTICLE XIII

MISCELLANEOUS

Section 13.01. Binding Effect. This Lease shall inure to the benefit of and shall be binding upon the Trustee and the State and their respective successors and assigns, subject, however, to the limitations set forth in Article XII hereof. The 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 by the Sublessee by the Sublessee Representative identified in the Sublessee’s Sublease and the Trustee, the State and the Sublessees shall be authorized to act on any such approval or request.

Section 13.05. Manner of Giving Notices. All notices, certificates or other communications hereunder shall be in writing and shall be deemed given when mailed by first class United States mail, postage prepaid, or when sent by facsimile transmission or electronic mail, addressed as follows: if to the State, to Colorado State Treasurer, 140 State Capitol,

Denver, CO 80203, Attention: Deputy State Treasurer, facsimile number: 303-866-2123, electronic mail address: eric.rothaus@state.co.us, with a copy to Colorado State Controller, 633 Seventeenth Street, Suite 1500, Denver, Colorado 80203, Attention: David J. McDermott, facsimile number: 303-866-4233, electronic mail address: david.mcdermott@state.co.us, if to the Trustee, to Zions First National Bank, 1001 Seventeenth Street, Suite 1050, Denver, Colorado 80202, Attention: Corporate Trust Services facsimile number: 720-947-7480, electronic mail address: corporatetrust@zionsbank.com; and if to any Sublessee 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 Trustee and the State intend that the legal doctrine of merger shall have no application to this Lease, any Site Lease or any Sublease and that none of the execution and delivery of this Lease by the Trustee and the State, any such Site Lease by a

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 balances of tax, accrued interest or other charges specified in C.R.S. § 39-21-101 et seq.; (d) unpaid loans due to the Student Loan Division of the Department of Higher Education; (e) amounts required to be paid to the Unemployment Compensation Fund; and (f) other unpaid debts certified by the State Controller as owing to the State as a result of final agency determination or judicial action.

Section 13.17. Employee Financial Interest. The signatories to this Lease aver that, to their knowledge, no employee of the State has any personal or beneficial interest whatsoever in the service or property described herein.

Section 13.18. Execution in Counterparts. This Lease may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

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THE PARTIES HERETO HAVE EXECUTED THIS SERIES 2010B-C 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 _____ <p align="center">*Signature</p>	<p align="center">STATE OF COLORADO Bill Ritter, Jr. GOVERNOR Department of Treasury</p> <p align="center">_____ By Cary Kennedy, State Treasurer</p>
STATE OF COLORADO Bill Ritter, Jr. 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	<p align="center">LEGAL REVIEW John W. Suthers, Attorney General</p> By: _____ Dixon Waxter, Assistant Attorney General
APPROVED: STATE OF COLORADO Bill Ritter, Jr., Governor DEPARTMENT OF PERSONNEL & ADMINISTRATION For the Executive Director By: _____ Marquita L. Davis, State Risk Manager Date: _____	

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 March, 2010 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 ____ day of March, 2010, by Cary Kennedy, 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:

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EXHIBIT A

LEGAL DESCRIPTION OF LAND INCLUDED IN LEASED PROPERTY

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EXHIBIT B

BASE RENT PAYMENT SCHEDULE

Base Rent Payment Date	Amortizing Principal	Series 2010A Sinking Fund Principal	Series 2010A Supplemental Interest	Series 2010B Interest	Series 2010C Interest	Total Scheduled Base Rent	Maximum Annual Tax Credit Loss Interest	Total Scheduled Base Rent + Maximum Annual Tax Credit Loss Interest
6/12/2010 9/12/2010		\$	\$	\$	\$	\$		
				<u>\$ 2,496,700.75</u>	<u>\$ 236,628.06</u>	<u>2,733,328.81</u>		
10/29/2010 12/12/2010 3/12/2011	<u>\$ 2,175,000</u>			<u>2,510,648.80</u>	<u>237,950.00</u>	<u>4,923,598.80</u>		
3/28/2011 8/12/2011 9/12/2011				<u>2,510,648.80</u>	<u>216,200.00</u>	<u>2,726,848.80</u>		
10/29/2011 12/12/2011 3/12/2012	<u>2,205,000</u>			<u>2,510,648.80</u>	<u>216,200.00</u>	<u>4,931,848.80</u>		
3/28/2012 8/12/2012 9/12/2012				<u>2,510,648.80</u>	<u>183,125.00</u>	<u>2,693,773.80</u>		
10/29/2012 12/12/2012 3/12/2013	<u>2,275,000</u>			<u>2,510,648.80</u>	<u>183,125.00</u>	<u>4,968,773.80</u>		
3/28/2013 8/12/2013 9/12/2013				<u>2,510,648.80</u>	<u>149,000.00</u>	<u>2,659,648.80</u>		
10/29/2013								

Base Rent Payment Date	Amortizing Principal	Series 2010A Sinking Fund Principal	Series 2010A Supplemental Interest	Series 2010B Interest	Series 2010C Interest	Total Scheduled Base Rent	Maximum Annual Tax Credit Loss Interest	Total Scheduled Base Rent + Maximum Annual Tax Credit Loss Interest
12/12/2013 3/12/2014	<u>2,340,000</u>			<u>2,510,648.80</u>	<u>149,000.00</u>	<u>4,999,648.80</u>		
3/28/2014 8/12/2014 9/12/2014				<u>2,510,648.80</u>	<u>102,200.00</u>	<u>2,612,848.80</u>		
10/29/2014 12/12/2014 3/12/2015	<u>2,435,000</u>			<u>2,510,648.80</u>	<u>102,200.00</u>	<u>5,047,848.80</u>		
3/28/2015 8/12/2015 9/12/2015				<u>2,510,648.80</u>	<u>53,500.00</u>	<u>2,564,148.80</u>		
10/29/2015 12/12/2015 3/12/2016	<u>2,540,000</u>			<u>2,510,648.80</u>	<u>53,500.00</u>	<u>5,104,148.80</u>		
3/28/2016 8/12/2016 9/12/2016				<u>2,510,648.80</u>		<u>2,510,648.80</u>		
10/29/2016 12/12/2016 3/12/2017	<u>2,645,000</u>			<u>2,510,648.80</u>		<u>5,155,648.80</u>		
3/28/2017 8/12/2017 9/12/2017				<u>2,455,288.95</u>		<u>2,455,288.95</u>		
10/29/2017 12/12/2017 3/12/2018	<u>2,715,000</u>			<u>2,455,288.95</u>		<u>5,170,288.95</u>		
3/28/2018								

Base Rent Payment Date	Amortizing Principal	Series 2010A Sinking Fund Principal	Series 2010A Supplemental Interest	Series 2010B Interest	Series 2010C Interest	Total Scheduled Base Rent	Maximum Annual Tax Credit Loss Interest	Total Scheduled Base Rent + Maximum Annual Tax Credit Loss Interest
8/12/2018 9/12/2018				<u>2,394,038.55</u>		<u>2,394,038.55</u>		
10/29/2018 12/12/2018 3/12/2019	<u>2,795,000</u>			<u>2,394,038.55</u>		<u>5,189,038.55</u>		
3/28/2019 8/12/2019 9/12/2019				<u>2,328,188.35</u>		<u>2,328,188.35</u>		
10/29/2019 12/12/2019 3/12/2020	<u>2,880,000</u>			<u>2,328,188.35</u>		<u>5,208,188.35</u>		
3/28/2020 8/12/2020 9/12/2020				<u>2,258,175.55</u>		<u>2,258,175.55</u>		
10/29/2020 12/12/2020 3/12/2021	<u>2,970,000</u>			<u>2,258,175.55</u>		<u>5,228,175.55</u>		
3/28/2021 8/12/2021 9/12/2021				<u>2,183,004.85</u>		<u>2,183,004.85</u>		
10/29/2021 12/12/2021 3/12/2022	<u>3,070,000</u>			<u>2,183,004.85</u>		<u>5,253,004.85</u>		
3/28/2022 8/12/2022 9/12/2022				<u>2,102,233.15</u>		<u>2,102,233.15</u>		
10/29/2022								

Base Rent Payment Date	Amortizing Principal	Series 2010A Sinking Fund Principal	Series 2010A Supplemental Interest	Series 2010B Interest	Series 2010C Interest	Total Scheduled Base Rent	Maximum Annual Tax Credit Loss Interest	Total Scheduled Base Rent + Maximum Annual Tax Credit Loss Interest
<i>12/12/2022</i> 3/12/2023	<u>3,175,000</u>			<u>2,102,233.15</u>		<u>5,277,233.15</u>		
<i>3/28/2023</i> <i>8/12/2023</i> 9/12/2023				<u>2,011,158.28</u>		<u>2,011,158.28</u>		
<i>10/29/2023</i> <i>12/12/2023</i> 3/12/2024	<u>3,290,000</u>			<u>2,011,158.28</u>		<u>5,301,158.28</u>		
<i>3/28/2024</i> <i>8/12/2024</i> 9/12/2024				<u>1,916,784.63</u>		<u>1,916,784.63</u>		
<i>10/29/2024</i> <i>12/12/2024</i> 3/12/2025	<u>9,385,000</u>			<u>1,916,784.63</u>		<u>11,301,784.63</u>		
<i>3/28/2025</i> <i>8/12/2025</i> 9/12/2025				<u>1,647,575.90</u>		<u>1,647,575.90</u>		
<i>10/29/2025</i> <i>12/12/2025</i> 3/12/2026	<u>9,735,000</u>			<u>1,647,575.90</u>		<u>11,382,575.90</u>		
<i>3/28/2026</i> <i>8/12/2026</i> 9/12/2026				<u>1,343,746.55</u>		<u>1,343,746.55</u>		
<i>10/29/2026</i> <i>12/12/2026</i> 3/12/2027	<u>10,130,000</u>			<u>1,343,746.55</u>		<u>11,473,746.55</u>		
<i>3/28/2027</i>								

Base Rent Payment Date	Amortizing Principal	Series 2010A Sinking Fund Principal	Series 2010A Supplemental Interest	Series 2010B Interest	Series 2010C Interest	Total Scheduled Base Rent	Maximum Annual Tax Credit Loss Interest	Total Scheduled Base Rent + Maximum Annual Tax Credit Loss Interest
8/12/2027								
9/12/2027				<u>1,027,589.25</u>		<u>1,027,589.25</u>		
10/29/2027								
12/12/2027								
3/12/2028	<u>10,540,000</u>			<u>1,027,589.25</u>		<u>11,567,589.25</u>		
3/28/2028								
8/12/2028								
9/12/2028				<u>698,635.85</u>		<u>698,635.85</u>		
10/29/2028								
12/12/2028								
3/12/2029	<u>10,970,000</u>			<u>698,635.85</u>		<u>11,668,635.85</u>		
3/28/2029								
8/12/2029								
9/12/2029				<u>356,262.15</u>		<u>356,262.15</u>		
10/29/2029								
12/12/2029								
3/12/2030	<u>11,415,000</u>			<u>356,262.15</u>	<u> </u>	<u>11,771,262.15</u>		
3/28/2030								
8/12/2030								
9/12/2030								
10/29/2030								
12/12/2030								
Total	<u>\$99,685,000</u>	\$	\$	<u>\$ 80,580,499.17</u>	<u>\$ 1,882,628.06</u>	<u>\$ 182,148,127.23</u>		

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EXHIBIT C

TRUSTEE’S FEES AND EXPENSES

Lessor Fees..... Included in Annual Trustee Fee

Acceptance Fee\$1,500.00

Covering the trustee’s study and consideration of the governing documents, including the preparation and establishment of the necessary accounts and files and performing all duties associated with the closing.

Annual Trustee Fee\$2,000.00

Covering ordinary administrative duties of the Trustee, Paying Agent, Registrar and Lessor/Trustee as set forth in the governing documents so long as no default exists. The annual trustee fee is payable in advance.

Legal Fees Waived

We do not anticipate having to use outside counsel for this transaction.

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

The fees quoted above for usual and routine administration are not subject to change. Special or extraordinary events, such as amendments or defaults are not included in the above fees and we reserve the right to charge an additional amount based on the time incurred in handling such events should they occur. Out of pocket costs, such as overnight delivery charges, would be added to the annual administration fee only if excessive.

Document comparison by Workshare Professional on Tuesday, March 09, 2010
 11:22:38 AM

Input:	
Document 1 ID	c:\NetDocs\Colorado BEST 2010 Lease Purchase Agreement(2).doc
Description	c:\NetDocs\Colorado BEST 2010 Lease Purchase Agreement(2).doc
Document 2 ID	c:\NetDocs\Colorado BEST 2010 Lease Purchase Agreement(3).doc
Description	c:\NetDocs\Colorado BEST 2010 Lease Purchase Agreement(3).doc
Rendering set	kutak option 1

Legend:	
Insertion	
Deletion	
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Moved to	
Style change	
Format change	
Moved deletion	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	263
Deletions	225
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	488

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 _____, March 16, 2010

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EXHIBIT A LEGAL DESCRIPTION OF LAND INCLUDED IN LEASED PROPERTY

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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 2010B-C 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.

(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) ~~_____~~, ~~20__~~; March 16, 2050;

(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 2010B-C 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 2010B-C Lease (the “Site Lessor Protection Provisions”). If the 2010B-C 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 2010B-C 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 2010B-C Lease or an amount equal to the Additional Rent that would have been paid under the 2010B-C 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 2010B-C 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 2010B-C 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 2010B-C 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 2010B-C Lease and the Indenture following an Event of Default or Event of Nonappropriation under the 2010B-C Lease.

Section 6.05. Substitution of Other Property for Leased Property. If the State substitutes other real property under the 2010B-C Lease for any portion of the Site Lessor's Leased Property, the property so substituted under the 2010B-C 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 2010B-C 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 2010B-C Lease has not terminated, the terms of Section 7.08 of the 2010B-C 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 7.08 of such Sublease shall apply. If (a) the 2010B-C 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 and any other Person who has the right to use the Leased Property under this Site Lease, the

2010B-C 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 2010B-C Lease, the State has agreed to reimburse the Trustee for such costs during the Lease Term of the 2010B-C 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 2010B-C Lease is terminated for any reason, (b) this Site Lease is not terminated and (c) the Trustee leases or subleases all or any portion of the Leased Property or

assigns an interest in this Site Lease, the lessee, sublessee or assignee, as a condition to such lease, sublease or assignment, must agree to reimburse the Site Lessor for such costs.

ARTICLE VIII

GENERAL COVENANTS

Section 8.01. Further Assurances and Corrective Instruments. So long as this Site Lease is in full force and effect, the Trustee and the Site Lessor shall have full power to carry out the acts and agreements provided herein and the Site Lessor and the Trustee, at the written request of the other, shall from time to time, execute, acknowledge and deliver or cause to be executed, acknowledged and delivered such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Leased Property leased or intended to be leased hereunder, or for otherwise carrying out the intention of or facilitating the performance of this Site Lease.

Section 8.02. Compliance with Requirements of Law. On and after the date hereof, the Site Lessor shall not take any action with respect to the Leased Property that violates the terms hereof or is contrary to the provisions of any Requirement of Law.

Section 8.03. Participation in Legal Actions. At the request of and at the cost of the Trustee or the State, the Site Lessor shall join and cooperate fully in any legal action in which the Trustee or a State asserts its right to the enjoyment of the Leased Property; that involves the imposition of any charges, costs or other obligations or liabilities on or with respect to the Leased Property or the enjoyment of the Leased Property by the Trustee or the State; or that involves the imposition of any charges, costs or other obligations with respect to the Trustee's execution, delivery and performance of its obligations under this Site Lease or the State's execution, delivery and performance of its obligations under the 2010 B-C 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 2010B-C Lease. The parties recognize and agree that, notwithstanding any other provision of this Site Lease, the 2010B-C Lease or any Sublease, upon conveyance of all the Leased Property subject to the 2010B-C Lease by the Trustee to the State pursuant to Article VIII of the 2010B-C 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 2010B-C 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 2010B-C Lease and Sublease. The Trustee has received a copy of, and acknowledges the terms of, the 2010B-C 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.

Section 12.05. Manner of Giving Notices. All notices, certificates or other communications hereunder shall be in writing and shall be deemed given when mailed by first class United States mail, postage prepaid, or when sent by facsimile transmission or electronic

mail, addressed as follows: if to the Site Lessor, to _____, Attention: Superintendent, facsimile number: _____, electronic mail address: _____; if to the Trustee, to Zions First National Bank, 1001 Seventeenth Street, Suite 1050, Denver, Colorado 80202, Attention: Corporate Trust Services, facsimile number: 720-947-7480, electronic mail address: corporatetrust@zionsbank.com; and if to the State, to Colorado State Treasurer, 140 State Capitol, Denver, CO 80203, Attention: Deputy State Treasurer, facsimile number: 303-866-2123, electronic mail address: eric.rothaus@state.co.us, with a copy to Colorado State Controller, 633 Seventeenth Street, Suite 1500, Denver, Colorado 80203, Attention: David J. McDermott, facsimile number: 303-866-4233, electronic mail address: david.mcdermott@state.co.us. Any notice party may, by written notice to the others, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

Section 12.06. No Individual Liability. All covenants, stipulations, promises, agreements and obligations of the Site Lessor or the Trustee, as the case may be, contained herein shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the Site Lessor or the Trustee, as the case may be, and not of any member, director, officer, employee, servant or other agent of the Site Lessor or the Trustee in his or her individual capacity, and no recourse shall be had on account of any such covenant, stipulation, promise, agreement or obligation, or for any claim based thereon or hereunder, against any member, director, officer, employee, servant or other agent of the Site Lessor or the Trustee or any natural person executing this Site Lease or any related document or instrument; provided that such person is acting within the scope of his or her employment, membership, directorship or agency, as applicable, and not in a manner that constitutes gross negligence or willful misconduct.

Section 12.07. Amendments, Changes and Modifications. Except as otherwise provided herein or in the Indenture, this Site Lease may only be amended, changed, modified or altered by a written instrument executed by the Site Lessor and the Trustee; and the Trustee shall, if and when requested by the State, execute and deliver any amendment to this Site Lease proposed by the State upon delivery to the Trustee of an opinion of Bond Counsel stating that such amendment does not violate the Indenture or the Leases.

Section 12.08. Events Occurring on Days that are not Business Days. If the date for making any payment or the last day for performance of any act or the exercising of any right under this Site Lease is a day that is not a Business Day, such payment may be made, such act may be performed or such right may be exercised on the next succeeding Business Day, with the same force and effect as if done on the nominal date provided in this Site Lease.

Section 12.09. Legal Description of Land Included in Leased Property. The legal description of the land included in the Leased Property subject to this Site Lease is set forth in Exhibit A hereto. If the land included in the Leased Property subject to this Site Lease is modified pursuant to the terms of this Site Lease or other land is substituted for land included in the Leased Property subject to this Site Lease pursuant to the terms of this Site Lease, the legal description set forth in Exhibit A hereto will be amended to describe the land included in the Leased Property subject to this Site Lease after such modification or substitution.

Section 12.10. Merger. The Site Lessor and the Trustee intend that the legal doctrine of merger shall have no application to this Site Lease, the 2010 B-C 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 2010B-C 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 2010B-C Lease or such Sublease shall operate to terminate or extinguish this Site Lease, the 2010B-C 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 _____

ATTEST:

By _____

[Signature Page to Site Lease of _____]

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

The foregoing instrument was acknowledged before me this ____ day of ~~_____~~ March, 2010 by _____ as an authorized signatory of Zions First National Bank.

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

[NOTARIAL SEAL]

Notary

My commission expires:

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

The foregoing instrument was acknowledged before me this ___ day of March, 2010, by _____ as _____ of the ~~Board of Education~~ _____ of _____.

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

[NOTARIAL SEAL]

Notary

My commission expires:

EXHIBIT A

LEGAL DESCRIPTION OF LAND INCLUDED IN LEASED PROPERTY

~~INSERT THE APPROPRIATE LEGAL DESCRIPTION FOR THE SITE LESSOR'S
LEASED PROPERTY FROM THE LEGAL DESCRIPTIONS SET FORTH BELOW:~~

‡

[\[insert\]](#)

Document comparison by Workshare Professional on Tuesday, March 09, 2010
 11:58:06 AM

Input:	
Document 1 ID	c:\NetDocs\Colorado BEST 2010 Site Lease Form(1).doc
Description	c:\NetDocs\Colorado BEST 2010 Site Lease Form(1).doc
Document 2 ID	c:\NetDocs\Colorado BEST 2010 Site Lease Form(2).doc
Description	c:\NetDocs\Colorado BEST 2010 Site Lease Form(2).doc
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Legend:	
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Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	63
Deletions	22
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	85

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 _____, March 16, 2010

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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 _____, March 16, 2010 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 lessor, [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 2010B-C Supplemental Trust Indenture dated _____, March 16, 2010 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 2010B-C Lease.

B. The State, acting by and through the State Treasurer on the instructions of the Assistance Board set forth in a resolution adopted by the Assistance Board on _____, ~~2009~~February 16, 2010 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 2010B-C 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 a resolution of the Assistance Board adopted on ~~_____~~, ~~2009~~February 16, 2010.

(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 2010B-C 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 2010 [B-C](#) 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 2010B-C Lease in each Fiscal Year during the Lease Term of the 2010B-C 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.

(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 2010B-C Lease in the land described in Exhibit B hereto (the "Land" for purposes of this Sublease) and the buildings, structures and improvements now or hereafter located on the Land (together with the Land, the "Leased Property" for purposes of this Sublease) to the Sublessee in accordance with the terms of this Sublease, subject only to Permitted Encumbrances, to have and to hold for the Sublease Term.

Section 2.02. Enjoyment of Leased Property. The State covenants that, during the Sublease Term and so long as no Event of Default hereunder shall have occurred, the Sublessee shall peaceably and quietly have, hold and enjoy the Leased Property without suit, trouble or hindrance from the State, except as expressly required or permitted by this Sublease.

ARTICLE III

SUBLEASE TERM; TERMINATION OF SUBLEASE TERM

Section 3.01. Sublease Term.

(a) The Sublease Term is the Initial Term and successive one-year Renewal Terms, subject to subsection (b) of this Section.

(b) The Sublease Term shall expire upon the earliest of any of the following events:

(i) termination of the 2010B-C 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 2010B-C Lease as a result of an Event of Nonappropriation or an Event of Default under the 2010B-C 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 March ~~11, 16~~, 2011, (a) the Trustee has not received the title insurance policy for the Leased Property described in paragraph 1 of the form of ~~requisition~~Requisition attached as Appendix C to the 2010B-C 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~~Requisition attached as Appendix C to the 2010B-C 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, 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 his own cost and expense, during such Contractor's Project Contract, standard form comprehensive general public liability and property damage insurance that includes coverage for (a) all claims for bodily injury, including death, and property damage; and (b) contractual liability in an amount equal to the maximum amount payable to it under its Project Contract. Such policies shall include the State and the Trustee as additional insureds and shall include a provision prohibiting cancellation, termination or alteration without 30 days' prior notice by certified mail to the State and the Trustee. A certificate of insurance evidencing such insurance shall be provided to the State with respect to each Contractor within 60 days of the effective date of the related Project Contract.

Section 4.07. Workers' Compensation Insurance. The Sublessee shall require that each Contractor procure and maintain, at his own cost and expense, workers' compensation insurance as required by Colorado law during the term of its contract, covering all persons working under its Project Contract. Such insurance, if issued by a private carrier, shall contain a provision that such coverage shall not be canceled, terminated or altered without 30 days' prior written notice to the State and the Trustee. Certificates evidencing such coverage shall be provided to the State.

Section 4.08. Defaults Under Project Contracts. In the event of any default under any Project Contract, or in the event of a breach of warranty with respect to any materials, workmanship or performance or other Work, which default or breach results in frustration of the purpose for which the 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 2010B-C 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 C to the 2010B-C 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; ~~provided that any reference in such form of Requisition to the 2009A Lease shall be modified to refer to the 2010 Lease.~~ If more than one Project Account has been established pursuant to the Indenture to pay Costs of the ~~Sublessee~~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 ~~also,~~ [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 ~~Appendix~~[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 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 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, 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 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.

(d) ***Matching Moneys Bond.*** If Exhibit D 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 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. 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 State.

(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.

(g) ~~(f)~~ *More Than One Source.* If Exhibit D 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 [Sublessees 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 [Sublessees 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 amounts sufficient to avoid an Event of Nonappropriation under subsection (b) of this Section and (ii) the Sublessee has paid all Additional Rent due during the period from June 30 through the date of such appropriation or substitution.

(d) If the Sublessee shall determine to exercise its annual right to terminate the Sublease Term effective on June 30 of any Fiscal Year, the Sublessee shall give written notice to such effect to the State not later than March 1 of such Fiscal Year; provided, however, that a failure to give such notice shall not (i) constitute an Event of Default, (ii) prevent the Sublessee from terminating this Sublease or (iii) result in any liability on the part of the Sublessee.

(e) The Sublessee shall furnish the State with copies of all appropriation measures relating to ~~Additional~~ Rent or the Purchase Option Price promptly upon the adoption thereof by the Governing Body of the Sublessee, but not later than 20 days following the adoption thereof by the Governing Body of the Sublessee; provided however, that a failure to furnish copies of such measures shall not (i) constitute an Event of Default, (ii) prevent the Sublessee from terminating this Sublease or (iii) result in any liability on the part of the Sublessee.

Section 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 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 the Lease shall (except cash Matching Moneys payments and amounts payable pursuant to any Matching Moneys Bond) be subject to the Sublessee's annual right to terminate this Sublease upon the occurrence of an Event of Nonappropriation.

(c) The Sublessee shall be under no obligation whatsoever to exercise its option to purchase the Leased Property pursuant to Article VIII hereof.

Section 6.06. No Right to Compel Payment of Rent or Matching Moneys by State or another SublesseeParticipating K-12 Institution. The Sublessee shall have no right to compel the State or any other SublesseeParticipating K-12 Institution to pay any Rent under any Lease or Rent, Matching Moneys or Matching Moneys Installment Payments under any Sublease or Participation Agreement or to pay the principal of, premium, if any, and interest on any Matching Moneys Bond and neither the State nor any such other SublesseeParticipating 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 SublesseeParticipating K-12 Institution to pay such other SublesseeParticipating K-12 Institution's Rent, Matching Moneys or Matching Moneys Installment Payments under any such other Sublease or Participation Agreement 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 Sublessee is a State agency the property of which is covered by the State's risk management pool under C.R.S. § 24-30-105 et seq., the self insurance program shall be the State's risk management pool. If the property of the Sublessee is not covered by the Colorado School Districts Self Insurance Pool or the State's risk management 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 Series 2010B-C 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 2010B-C 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 2010B-C 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 2010B-C 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 2010B-C 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 2010B-C Lease and this Sublease. Any such proposal must be accompanied by the items listed below in form and substance satisfactory to the State. If the

items listed below are delivered, the State consents to the substitution and the Sublessee pays the costs of the substitution, the State shall, and shall cooperate with the Sublessee to cause the Trustee to, execute and deliver any documents or instruments requested by the Sublessee to accomplish the substitution. The items are:

(a) A certificate by the Sublessee certifying that, following such substitution, the Fair Market Value of the substituted property, determined as of the date of substitution, is equal to or greater than the Fair Market Value of the property for which it is to be substituted.

(b) A title insurance policy, an amendment or supplement to a previously issued title insurance policy or a commitment to issue such a policy, amendment or supplement that would allow the Sublessee and the State to make the title insurance representation set forth in the form of Project Account requisition attached as Appendix A to the Master Indenture.

(c) A certificate by the Sublessee certifying that (i) the useful life of the substituted property extends to or beyond the final maturity of the Series 2010B-C 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 2010B-C 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 2010B-C 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 2010 B-C 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 2010B-C Certificates determined by multiplying the principal amount of all the Outstanding Series 2010B-C Certificates by a fraction, the numerator of which is the sum of the proceeds of the Series 2010B-C 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 2010B-C Certificates and the Allocated Investment Earnings deposited into the Project Accounts of all 2010B-C Sublessees; and (ii) which principal amount shall be allocated among the maturities of the Outstanding Series 2010B-C Certificates in proportion to the principal amount of each maturity of the Outstanding Series 2010B-C Certificates, rounded to the nearest \$5,000 in principal amount of each such maturity. Notwithstanding the preceding sentence, ~~(A) in applying this definition, the principal amount of the Outstanding Series 2010 Certificates shall be reduced by the amount, if any, on deposit in the Series 2010 Sinking Fund Account; and (B) if any portion of the Series 2010B-C 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 2010B-C Certificates shall be substituted for the Series 2010B-C Certificates that were paid, redeemed or defeased. The rounding pursuant to ~~clause (ii) of~~ the first sentence of this definition and the substitution of Outstanding Certificates of another Series of Certificates pursuant to the immediately preceding sentence shall be accomplished in any reasonable manner selected by the State in its sole discretion.~~

(b) In order to exercise its option to purchase the Leased Property pursuant to subsection (a) of this Section, the Sublessee must: (i) give written notice to the Trustee and the State within 15 Business Days after the Sublessee is notified by the Trustee that an Event of Default or an Event of Nonappropriation under the 2010B-C 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 2010B-C 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 2010B-C 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 2010B-C 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 2010B-C 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 2010B-C 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 2010B-C 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 2010B-C 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 2010B-C 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 Participation Agreements, 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 2010B-C 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 2010B-C Lease as a result of an Event of Nonappropriation or Event of Default under the 2010B-C 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 ~~any tax compliance certificate~~the Tax Compliance Certificate executed or issued in connection with this Sublease ~~or its Matching Moneys Bond~~), 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 ~~Rent hereunder~~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. A judgment requiring a payment of money may be entered against the Sublessee by reason of an Event of Nonappropriation, or a failure to vacate the Leased Property following an Event of Nonappropriation, only to the extent provided in Section 12.02(c)(i), (ii) and (iii) 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 2010B-C Lease and Indenture. The Sublessee has received copies of, and acknowledges the terms of, the 2010B-C 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 2010B-C 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 by the Sublessee Representative and the Trustee, the State and the Sublessee shall be authorized to act on any such approval or request. The Sublessee Representative is the _____ of the Sublessee.

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, Denver, CO 80203, Attention: Deputy State Treasurer, facsimile number: 303-866-2123, electronic mail address: eric.rothaus@state.co.us, with a copy to Colorado State Controller, 633 Seventeenth Street, Suite 1500, Denver, Colorado 80203, Attention: David J. McDermott, facsimile number: 303-866-4233, electronic mail address: david.mcdermott@state.co.us, and with a copy to Public School Capital Construction Assistance Board, 1525 Sherman Street, Suite B17, Denver, Colorado 80203, Attention: Chair, facsimile number: 303.866.6168, electronic mail address: hughes_t@cde.state.co.us; if to the Trustee, to Zions First National Bank, 1001 Seventeenth Street, Suite 1050, Denver, Colorado 80202, Attention: Corporate Trust Services, facsimile number: 720-947-7480, electronic mail address: corporatetrust@zionsbank.com; [and] if to the Sublessee, to _____, Attention: _____, 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 2010 B-C 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 Trustee and the Sublessee intend that the legal doctrine of merger shall have no application to this Sublease, the 2010B-C 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 2010B-C 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 2010B-C Lease or such Site Lease shall operate to terminate or extinguish this Sublease, the 2010B-C 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 balances of tax, accrued interest or other charges specified in C.R.S. § 39-21-101 et seq.; (d) unpaid loans due to the Student Loan Division of the Department of Higher Education; (e) amounts required to be paid to the Unemployment Compensation Fund; and (f) other unpaid debts certified by the State Controller as owing to the State as a result of final agency determination or judicial action.

Section 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 2010B-C Lease among the 2010B-C 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 2010B-C 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 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 2010 B-C 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.

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.

<p>[SUBLESSEE] By: _____ Title: _____</p> <hr style="border: 0; border-top: 1px solid black; margin: 10px 0;"/> <p style="text-align: center; color: red;">*Signature <u>Name, Title</u></p> <p>[DISTRICT SEAL]</p> <p>Attest:</p> <hr style="border: 0; border-top: 1px solid blue; margin: 10px 0;"/> <p style="text-align: center; color: blue;"><u>Name, Title</u></p> <p>[SUBLESSEE'S CHARTERING AUTHORITY] By: _____ Title: _____</p> <hr style="border: 0; border-top: 1px solid black; margin: 10px 0;"/> <p style="text-align: center;">*Signature</p>	<p>STATE OF COLORADO Bill Ritter, Jr. GOVERNOR Department of Treasury</p> <hr style="border: 0; border-top: 1px solid black; margin: 20px 0;"/> <p style="text-align: center;">By Cary Kennedy, State Treasurer</p>
<p>STATE OF COLORADO Bill Ritter, Jr. GOVERNOR Department of Personnel & Administration Office of the State Architect, Real Estate Programs For the Executive Director</p> <p>By: _____ Michael R. Karbach, Manager of Real Estate Programs</p>	<p>PUBLIC SCHOOL CAPITAL CONSTRUCTION ASSISTANCE BOARD, acting on behalf of the State of Colorado</p> <p>By: _____ Mary Wickersham, Chair</p>
	<p style="text-align: center;">LEGAL REVIEW John W. Suthers, Attorney General</p> <p>By: _____ _____, Assistant Attorney General</p>

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 ~~_____~~ March, 2010, by Cary Kennedy, Colorado State Treasurer, acting on behalf of the State of Colorado, and by Mary Wickersham, Chair of the Public School Capital Construction Assistance Board, acting on behalf of the State of Colorado.

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

[NOTARIAL SEAL]

Notary

My commission expires:

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

The foregoing instrument was acknowledged before me this ____ day of
~~_____~~ March, 2010 by _____ as _____ and _____
as _____ of _____ the ~~Board~~ ~~of~~ ~~Education~~ ~~of~~

_____.

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

[NOTARIAL SEAL]

Notary

My commission expires:

[ADD CHARTER NOTARY IF APPLICABLE]

EXHIBIT A

LEGAL DESCRIPTION OF LAND INCLUDED IN LEASED PROPERTY

~~[INSERT THE APPROPRIATE LEGAL DESCRIPTION FOR THE SUBLESSEE'S LEASED PROPERTY FROM THE LEGAL DESCRIPTIONS SET FORTH BELOW:~~

~~[insert](#)~~

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EXHIBIT B
SPECIFICATIONS FOR PROJECT

[insert]

†

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EXHIBIT C

ACCOUNTING ALLOCATION OF STATE'S BASE RENT

[\[insert\]](#)

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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 on 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]

APPENDIX 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 SublesseeParticipating K-12 Institution identified below (the "SublesseeParticipating 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 , March 16, 2010 (the "Sublessee's Sublease") between the SublesseeParticipating 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 2010B-C Supplemental Trust Indenture dated , March 16, 2010 and as it may further be amended, supplemented and restated from time to time.*

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

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

1. The SublesseeParticipating K-12 Institution has withdrawn all moneys that it may withdraw from the SublesseeParticipating K-12 Institution's Project Account pursuant to Section 4.10(a) of the SublesseeParticipating 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 SublesseeParticipating K-12 Institution's Sublease as the amount of money in the Assistance Fund available to pay Costs of the SublesseeParticipating K-12 Institution's Project.

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

(a) This Requisition is not for an amount that the ~~Sublessee~~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 ~~Sublessee~~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) ~~No~~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 ~~under the Sublessee's Sublease and the Sublessee~~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 ~~under, its~~with respect to, such Matching Money Bond, ~~if applicable~~.

Representations of State. The State represents ~~that~~ no Event of Default or Event of Nonappropriation has occurred and is continuing under ~~the 2010~~any Lease.

NAME OF ~~SUBLESSEE~~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[IS THIS APPLICABLE TO PAYMENTS BY THE ASSISTANCE BOARD?, 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 SublesseeParticipating K-12 Institution Representative and the State Representative and is authorized to sign and deliver this Requisition to the Assistance Board pursuant to the SublesseeParticipating K-12 Institution's Sublease.

NAME OF ~~SUBLESSEE~~PARTICIPATING K-12 INSTITUTION: _____

By _____
SublesseeParticipating 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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Document comparison by Workshare Professional on Tuesday, March 09, 2010
 11:25:01 AM

Input:	
Document 1 ID	c:\NetDocs\Colorado BEST 2010 Sublease Form(3).doc
Description	c:\NetDocs\Colorado BEST 2010 Sublease Form(3).doc
Document 2 ID	c:\NetDocs\Colorado BEST 2010 Sublease Form(4).doc
Description	c:\NetDocs\Colorado BEST 2010 Sublease Form(4).doc
Rendering set	kutak option 1

Legend:	
Insertion	
Deletion	
Moved from	
Moved to	
Style change	
Format change	
Moved deletion	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	172
Deletions	101
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	273

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APPENDIX C

Form of Continuing Disclosure Undertaking

\$99,685,000
STATE OF COLORADO
BUILDING EXCELLENT SCHOOLS TODAY
CERTIFICATES OF PARTICIPATION SERIES 2010B-C

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 “**Series 2010B-C 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 2010B-C Lease Purchase Agreement, dated as of March 16, 2010, entered between Zions First National Bank, as Trustee under a Master Trust Indenture (the “**Master Indenture**”) and a Series 2010B-C Supplemental Trust Indenture, each dated as of March 16, 2010 (the “**2010B-C Supplemental Indenture**” and, together with the Master Indenture, the “**Indenture**”), and the State. The Series 2010B-C Certificates are being delivered pursuant to the Indenture and under authority granted by the laws of the State, including particularly House Bill 08-1335 and Senate Bill 09-257, each codified in part by Article 43.7 of Title 22, Colorado Revised Statutes.

The State covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the State for the benefit of the owners of the Certificates and in order to allow the Participating Underwriters (as defined by Rule 15c2-12) to comply with Rule 15c2-12.

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Financial Information” means the financial information or operating data with respect to the State, delivered at least annually pursuant to Section 3 hereof, of the type set forth in the Official Statement, including but not limited to, such financial information and operating data under **Appendix E** – “THE STATE GENERAL FUND,” **Appendix F** – “PUBLIC SCHOOL CAPITAL CONSTRUCTION ASSISTANCE FUND,” and **Appendix G** – “CERTAIN STATE ECONOMIC AND DEMOGRAPHIC INFORMATION.”

“Audited Financial Statements” means the annual financial statements for the State, prepared in accordance with generally accepted accounting principles as applicable to governmental entities as in effect from time to time, audited by the State Auditor.

“Events” means any of the events listed in Section 4(a) of this Disclosure Certificate.

“MSRB” means the Municipal Securities Rulemaking Board. The address of the MSRB as of the date hereof is 1900 Duke Street, Suite 600, Alexandria, Virginia 22314; fax 703-683-1930. As of the date hereof, the MSRB’s required method of filing is electronically via its Electronic Municipal Market Access (EMMA) system, with a portal at <http://emma.msrb.org>.

“Official Statement” means the final Official Statement delivered in connection with the original issue and sale of the Certificates.

“Owner of the Certificates” means the registered owner of the Certificates, and so long as the Certificates are subject to the book entry system, any Beneficial Owner as such term is defined in the Indenture.

“Rule 15c2-12” shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Information.

(a) Commencing with the Fiscal Year ended June 30, 2010, and annually while the Certificates remain outstanding, the State shall provide to the MSRB the Annual Financial Information and Audited Financial Statements.

(b) Such Annual Financial Information shall be provided by the State not later than 270 days after the end of each Fiscal Year of the State. The Audited Financial Statements will be provided when available but in no event later than 210 days after the end of each Fiscal Year; provided, however, that in the event the Audited Financial Statements are not available within the time specified, such Audited Financial Statements will be provided as soon as they are available.

(c) The State may provide Annual Financial Information and Audited Financial Statements by specific cross-reference to other documents which have been submitted to the MSRB or filed with the Securities and Exchange Commission. If the document so referenced is a final official statement within the meaning of Rule 15c2-12, such final official statement must also be available from the MSRB. The State shall clearly identify each such other document so incorporated by cross-reference.

SECTION 4. Reporting of Events.

(a) This Section 4 shall govern the giving of notices of the occurrence of any of the following Events with respect to the Certificates:

1. Principal and interest payment delinquencies.
2. Non-payment related defaults.
3. Unscheduled draws on debt service reserves reflecting financial difficulties.
4. Unscheduled draws on any credit enhancement relating to the Certificates reflecting financial difficulties.
5. Substitution of credit or liquidity providers, or their failure to perform.

6. Adverse tax opinions or events affecting the tax-exempt status of the Certificates.
7. Modifications to the rights of the security holders.
8. Certificate calls (other than mandatory sinking fund redemption).
9. Defeasances.
10. Release, substitution or sale of property securing repayment of the securities.
11. Rating changes.

(b) At any time when the Certificates are Outstanding and the State obtains knowledge of the occurrence of an Event, the State shall determine if such Event would constitute material information for owners of Certificates, *provided*, that any Event under subsection (a)(7), (8) or (11) will always be deemed to be material.

(c) If the State determines that knowledge of the occurrence of an Event would be material, the State shall provide, in a timely manner, a notice of such occurrence to the MSRB. Notwithstanding the foregoing, notice of Events described in subsections (a)(8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to owners of affected Certificates pursuant to the Indenture.

(d) At any time the Certificates are outstanding, the State shall provide, in a timely manner, to the MSRB, notice of any failure of the State to timely provide the Annual Financial Information as specified in Section 3 hereof.

SECTION 5. Term. This Disclosure Certificate shall be in effect from and after the execution and delivery of the Certificates and shall extend to the earliest of (a) the date all principal and interest on the Certificates shall have been deemed paid pursuant to the terms of the Indenture; (b) the date that the State shall no longer constitute an “obligated person” with respect to the Certificates within the meaning of Rule 15c2-12; and (c) the date on which those portions of Rule 15c2-12 which require this Disclosure Certificate are determined to be invalid by a court of competent jurisdiction in a non-appealable action, have been repealed retroactively or otherwise do not apply to the Certificates, which determination may be made in any manner deemed appropriate by the State, including by an opinion of any attorney or firm of attorneys experienced in federal securities laws selected by the State. The State shall file a notice of any such termination with the MSRB.

SECTION 6. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the State may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if such amendment or waiver is required or permitted by Rule 15c2-12. Written notice of any such amendment or waiver shall be provided by the State to the MSRB, and the Annual Financial Information shall explain the reasons for the amendment and the impact of any change in the type of information being provided. If any amendment changes the accounting principles to be followed in preparing financial statements, the Annual Financial Information for the year in which the change is made will present a comparison between the financial statement or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The State shall provide notice of any such amendment or waiver to the MSRB.

SECTION 7. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the State from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other annual information or notice of occurrence of an event which is not an Event, in addition to that which is required by this Disclosure Certificate; provided that the State shall not be required to do so. If the State chooses to include any annual information or notice of occurrence of an event in addition to that which is specifically required by this Disclosure Certificate, the State shall have no obligation under this Disclosure Certificate to update such information or include it in any future annual filing or notice of occurrence of an Event.

SECTION 8. Default and Enforcement. If the State fails to comply with any provision of this Disclosure Certificate, any owner of the Certificates may take action to seek specific performance by court order to compel the State to comply with its undertaking in this Disclosure Certificate; provided that any Certificate Owner seeking to require the State to so comply shall first provide at least 30 days' prior written notice to the State of the State's failure (giving reasonable details of such failure), following which notice the State shall have 30 days to comply and, provided further, that only the owners of no less than a majority in aggregate principal amount of the Certificates may take action to seek specific performance in connection with a challenge to the adequacy of the information provided by the State in accordance with this Disclosure Certificate, after notice and opportunity to comply as provided herein, and such action shall be taken only in a court of jurisdiction in the State. A DEFAULT UNDER THIS DISCLOSURE CERTIFICATE SHALL NOT BE DEEMED AN EVENT OF DEFAULT UNDER THE INDENTURE OR THE CERTIFICATES, AND THE SOLE REMEDY UNDER THIS DISCLOSURE CERTIFICATE IN THE EVENT OF ANY FAILURE OF THE STATE TO COMPLY WITH THIS DISCLOSURE CERTIFICATE SHALL BE AN ACTION TO COMPEL PERFORMANCE.

SECTION 9. Beneficiaries. The Disclosure Certificate shall inure solely to the benefit of the State, the Participating Underwriters and owners from time to time of the Certificates, and shall create no rights in any other person or entity.

Date: March 16, 2010

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

By: _____
Cary Kennedy, Colorado State Treasurer

APPENDIX D

Form of Bond Counsel Opinion

March 16, 2010

State of Colorado,
acting by and through the State Treasurer
Zions First National Bank, as Trustee
RBC Capital Markets Corporation
JP Morgan Securities, Inc.
D.A. Davidson & Co.
Stifel Nicolaus and Company, Incorporated

\$85,715,000
State of Colorado
Building Excellent Schools Today Certificates of Participation
Taxable Build America Series 2010B

and

\$13,970,000
State of Colorado
Building Excellent Schools Today Certificates of Participation
Tax-Exempt Series 2010C

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 captioned Taxable Build America Series 2010B Certificates (the “Series 2010B Certificates”) and captioned Tax-Exempt Series 2010C Certificates (the “Series 2010C Certificates” and, together with the Series 2010B Certificates, the “Series 2010B-C Certificates”). The Series 2010B-C Certificates are being executed and delivered pursuant to the State of Colorado Building Excellent Schools Today Master Trust Indenture dated as of August 12, 2009 and the State of Colorado Building Excellent Schools Today Series 2010B-C Supplemental Trust Indenture dated as of March 16, 2010 (collectively, the “Indenture”) by Zions First National Bank, as trustee thereunder (the “Trustee”), and evidence undivided interests in the right to certain payments by the State under 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 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 Site Leases pursuant to which the Leased Property subject to the Leases has been leased to the Trustee, the Subleases pursuant to which the Leased Property subject to the Leases has been subleased to the Sublessees, the Tax Compliance Certificates executed and delivered by the State and the 2010B-C Sublessees in connection with the execution and delivery of the Series 2010B-C Certificates and the Project Site Extension Agreement dated as of March 16, 2010 (the “Crestone Agreement”) between the State and Crestone Charter School, Inc. (“Crestone”); the Constitution and the laws of the

State of Colorado,
acting by and through the State Treasurer
Zions First National Bank, as Trustee
RBC Capital Markets Corporation
JP Morgan Securities, Inc.
D.A. Davidson & Co.
Stifel Nicolaus and Company, Incorporated
March 16, 2010
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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 2010B-C 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 2010B-C Certificates, the due authorization, execution and delivery by the Site Lessors and the enforceability against the Site Lessors of the Site Leases, the due authorization, execution and delivery by the Sublessees and the enforceability against the Sublessees of the Subleases and Tax Compliance Certificates and the due authorization, execution and delivery by Crestone and the enforceability against Crestone of the Crestone Agreement; 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 2010B-C Certificates with respect to the authorization, execution and delivery of the Leases, the Subleases, the Crestone Agreement and the Tax Compliance Certificate by the State, the enforceability of the Subleases, the Crestone Agreement and the Tax Compliance Certificate against the State (but not the enforceability of the 2010B-C Lease) and other matters; and have assumed that the State, the Trustee, the Site Lessors, the Sublessees, Crestone and other parties will comply with, and perform their obligations in accordance with, the Leases, the Indenture, the Site Leases, the Subleases, the Crestone Agreement and the Tax Compliance Certificates.

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 2010B-C Lease.
2. The 2010B-C Lease has been duly authorized executed and delivered and is a legal, valid and binding obligation of the State enforceable against the State in accordance with its terms.
3. The Series 2010B-C Certificates evidence legal, valid and binding undivided interests in the right to certain payments, as provided in the Series 2010B-C 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: (a) the portion of the Base Rent paid by the State which is designated and paid as interest on the Series 2010B Certificates is included in gross income for federal income tax purposes; and (b) although there is no legal precedent regarding the characterization for federal income tax purposes of similar instruments, the obligations of the State to pay Base Rent under the 2010B-C Lease (and the Series 2010B Certificates evidencing undivided interests in the right to such Base Rent) will be characterized as indebtedness of the State for federal income tax purposes. We express no opinion regarding any other federal tax consequences related to the ownership or disposition of the Series 2010B Certificates.
5. 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 2010C Certificates is excludable from gross income for federal income tax purposes, is not a specific preference item for purposes of the federal alternative minimum tax and is not included in adjusted current earnings for purposes of the federal alternative minimum tax

State of Colorado,
acting by and through the State Treasurer
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March 16, 2010
Page 3

imposed on corporations. The opinions set forth in the preceding sentence assume compliance by the State and the 2010B-C Participating K-12 Institutions with certain covenants relating to requirements of the Code that must be met subsequent to the delivery of the Series 2010C 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 2010C 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 2010C Certificates; or (b) any other federal tax consequences related to the ownership or disposition of the Series 2010C Certificates.

6. Under existing Colorado statutes: (a) the interest received and other income of the Owners of the Series 2010B Certificates with respect to their undivided interests in the Base Rent paid by the State under the Leases are exempt from taxation and assessments in the State of Colorado; and (b) the interest received by the Owners of the Series 2010C Certificates with respect to their undivided interests in the Base Rent that is designated and paid as interest under the Leases that is excludable from gross income for federal income tax purposes is excludable from gross income for Colorado income tax purposes and from the calculation of Colorado alternative minimum taxable income. 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 2010B-C Certificates subsequent to such termination; or (ii) other tax consequences related to the ownership or disposition of Series 2010B-C Certificates under the laws of the State of Colorado or any other state or jurisdiction.

The rights of the Owners of the Series 2010B-C Certificates and the enforceability of the Series 2010B-C Certificates and the 2010B-C 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 2010B-C Certificates against the Trustee; the enforceability of the Site Leases against the Site Lessors; the enforceability of the Subleases against the State or the Sublessees; the enforceability of the Crestone Agreement against the State or Crestone; legal title to the Leased Property; 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 2010B-C 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 2010B-C Certificates and may not be relied upon by any other person or for any other purpose without our express written consent.

State of Colorado,
acting by and through the State Treasurer
Zions First National Bank, as Trustee
RBC Capital Markets Corporation
JP Morgan Securities, Inc.
D.A. Davidson & Co.
Stifel Nicolaus and Company, Incorporated
March 16, 2010
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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 2010B-C 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.

Investors are urged to obtain independent tax advice regarding the Series 2010B-C Certificates based upon their particular circumstances. The opinions set forth herein with respect to federal income tax matters are not intended or written to be used, and cannot be used, for the purposes of avoiding federal taxpayer penalties and were written to support the promotion or marketing of the Series 2010B-C Certificates. The preceding sentence is intended to comply with the provisions of Section 10.35 of the United States Treasury publication Circular 230.

Respectfully submitted,

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 2004-05 through Fiscal Year 2008-09 and the forecast for Fiscal Years 2009-10 and 2010-11 from the OSPB December 2009 Revenue Forecast. See “FORWARD-LOOKING STATEMENTS.”

The table reflects requested legislation as outlined in the Governor’s August 25, 2009 and December 1, 2009 budget balancing proposals to the Joint Budget Committee with respect to Fiscal Years 2009-10 and 2010-11 General Fund appropriations, transfers to the General Fund and rebates and expenditures. With respect to prior Fiscal Years, the table assumes State law then in effect for General Fund appropriations, transfers to the General Fund and rebates and expenditures. The table also reflects the effect of the federal Jobs and Growth Tax Relief Reconciliation Act of 2003 (the “**Jobs Act**”) enacted in 2003. The Jobs Act funds two types of financial assistance for the states. Under the first type of financial assistance, Colorado’s share was approximately \$238.6 million: \$92.3 million in increased federal assistance for Medicaid and \$146.3 million in assistance for providing government services.

The table also takes into account two provisions of the Jobs Act that provide tax relief for State taxpayers but also affected State tax revenues. The growth incentives for businesses offered under the Jobs Act include a 50% bonus depreciation allowance and a small business expensing provision. These incentives had the effect of reducing federal adjusted income, which is the basis for the State’s income tax, thus resulting in a corresponding reduction in State income tax revenues.

The table also assumes the infusion of federal stimulus funding under the Recovery Act for Medicaid over three Fiscal Years, beginning with Fiscal Year 2008-09. Based on the OSPB December 2009 Revenue Forecast, under the Recovery Act, the State received a General Fund expenditure offset of \$214.1 million for Federal Medical Assistance Percentage (“**FMAP**”) participation in Fiscal Year 2008-09. The General Fund expenditure offsets in Fiscal Year 2009-10 and Fiscal Year 2010-11 are estimated to be \$351.2 million and \$192.2 million, respectively, but are no longer shown specifically on the table below as these offsets are captured in the “General Fund Appropriations Subject to the Appropriations Limit” entry. To the extent received, these amounts reduced General Fund expenditures and any future funding under the Recovery Act is expected to reduce General Fund expenditure for Medicaid.

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

State of Colorado
General Fund Overview

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

	Actual (Unaudited) ⁽¹⁾					OSPB Forecast	
	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year
	2004-05	2005-06	2006-07	2007-08	2008-09 ⁽¹⁴⁾	2009-10	2010-11
REVENUE:							
Beginning Reserve	\$ 224.0	\$ 237.4	\$ 251.7	\$ 267.0	\$ 283.5	\$ 440.0	\$ 135.1
Gross General Fund Revenue ⁽²⁾ :	6,474.8	6,964.6	7,539.8	7,742.9	6,737.8	6,688.1	7,238.6
<i>General Fund</i>	--	5,848.5	6,231.6	6,573.5	6,737.8	6,688.1	7,084.4
<i>General Fund Exempt</i> ⁽³⁾	--	1,116.1	1,308.2	1,169.4	--	--	154.2
Deposit to the State Education Fund ⁽²⁾	--	357.2	395.1	407.9	339.9	329.2	354.3
Gross General Fund Revenue Plus Deposit to the State Education Fund ⁽²⁾	6,474.8	7,321.8	7,934.9	8,150.8	7,077.7	7,017.3	7,728.0
Diversion to the Highway Users Tax Fund ⁽⁴⁾	--	(220.4)	(228.6)	(238.1)	N/A	N/A	N/A
Transfer to the State Education Fund (net) ⁽²⁾	(313.9)	--	--	--	--	--	--
Net Transfers to (from) the General Fund ⁽⁵⁾	64.2	155.1	--	(5.0)	805.0	(88.0)	13.7
TOTAL REVENUE	6,449.0	7,139.5	7,562.9	7,766.9	7,826.3	6,929.3	7,741.7
EXPENDITURES:							
Allowable General Fund Appropriations Limit	5,935.2	6,292.7	6,675.6	7,087.8	7,546.9	10,616.0	10,345.0
General Fund Appropriations Subject to the Appropriations Limit (Long Bill and Supplemental Bills) ⁽⁶⁾	5,935.2	6,292.7	6,675.6	7,087.8	7,387.1	6,755.9	7,097.5
<i>Appropriations Change From Prior Year</i>	337.2	361.2	382.9	412.3	299.3	(631.2)	(341.6)
<i>Percent Change</i>	6.0%	6.1%	6.1%	6.2%	4.2%	(8.5)%	5.1%
Exemptions to the Appropriations Limit ⁽⁷⁾	1.3	5.0	11.1	31.9	12.2	--	--
Spending Outside the Appropriations Limit:	176.4	153.4	360.0	320.2	201.1	149.0	148.0
<i>TABOR Refund</i>	41.1	--	--	--	--	--	--
<i>Rebates and Expenditures</i> ⁽⁸⁾	110.7	153.4	164.6	173.8	136.0	145.6	137.7
<i>Senior Homestead Exemption</i> ⁽⁹⁾	--	--	74.2	79.8	85.6	1.4	1.6
<i>Transfer to Capital Construction Fund</i> ⁽¹⁰⁾	0.2	10.1	145.9	93.7	24.9	2.0	8.7
<i>Transfer to Controlled Maintenance Trust Fund</i> ⁽¹¹⁾	55.0	--	--	--	--	--	--
<i>Reversions and Accounting Adjustments</i>	(30.6)	(10.1)	(24.7)	(27.1)	(45.4)	--	--
Enhanced Medicaid Match (Reduces General Fund Expenditures) ⁽¹²⁾	--	--	--	--	(214.1)	N/A	N/A
TOTAL OBLIGATIONS	6,112.9	6,451.1	7,046.6	7,439.9	7,386.3	6,905.0	7,245.5
RESERVES							
Year-End Excess General Fund Balance	335.4	688.4	516.3	327.0	440.0	135.1	142.0
<i>Year-End Excess General Fund Balance as a Percent of Appropriations</i>	5.6%	10.9%	7.7%	4.6%	2.0%	2.0%	2.0%
Unappropriated Reserve	237.4	251.7	267.0	283.5	148.2	135.1	142.0
Moneys in Excess of Statutory Reserve:	98.0	436.7	249.3	43.4	291.7 ⁽¹⁵⁾	--	--
<i>Transfer to Highway Users Tax Fund (2/3)</i> ⁽¹³⁾	65.3	291.1	166.2	29.0	--	--	--
<i>Transfer to Capital Construction Fund (1/3)</i> ⁽¹³⁾	32.7	145.6	83.1	14.5	--	--	--

[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) Amendment 23 mandates that, effective January 1, 2001, an amount equal to all State revenues collected from a tax of one-third of one percent on federal taxable income, as modified by law, of every individual, estate, trust and corporation, as defined by law, is to be deposited to the State Education Fund. For Fiscal Year 2004-05, for purposes of the OSPB revenue forecasts, the amount deposited to the State Education Fund was included in gross General Fund revenues and then deducted to arrive at total funds available. Beginning with Fiscal Year 2005-06, such deposit is no longer included in gross General Fund revenues but rather is shown in the OSPB revenue forecasts as an addendum for informational purposes. For comparative purposes, for Fiscal Years 2005-06 and thereafter, gross General Fund revenues are shown both as reported in the OSPB revenue forecasts and together with the amount deposited to the State Education Fund. Figures for Fiscal Year 2009-10 and Fiscal Year 2010-11 include revenue enhancement proposals included in the Governor's budget balancing plans submitted to the General Assembly on November 6, 2009, and December 1, 2009, respectively.
- (3) Under Referendum C, a "General Fund Exempt Account" is created in the General Fund, which consists of moneys collected in excess of the TABOR limit in accordance with Referendum C. See "STATE FINANCIAL INFORMATION – Taxpayer's Bill of Rights – *Colorado Economic Recovery Act of 2005*."
- (4) For Fiscal Years 2006-07 through 2008-09, a portion of net sales and use tax revenues was required to be diverted to the Highway Users Tax Fund if General Fund revenues are sufficient to fund appropriations and maintain the Unappropriated Reserve. This requirement was repealed by SB 09-228 beginning with Fiscal Year 2009-10.
- (5) This figure represents the total transfers to or from the General Fund, including statutorily required transfers into the General Fund from various cash funds. Amounts in parentheses represent transfers from the General Fund to various cash funds.
- (6) These amounts for Fiscal Year 2009-10 and Fiscal Year 2010-11 reflect the current amount of General Fund appropriations that could be supported by projected revenues, based on the OSPB December 2009 Revenue Forecast, and do not reflect current requested levels from the Executive Branch. Based on the Governor's August 25, 2009, and December 1, 2009, budget balancing proposals for Fiscal Year 2009-10 and Fiscal Year 2010-11 submitted to the General Assembly on November 6, 2009, and December 1, 2009, respectively, actual requested spending authority for these two years is lower than the Fiscal Years 2009-10 and 2010-11 amounts shown in the table. For Fiscal Year 2009-10, requested spending authority is \$6,622.6 million (\$133.3 million lower than what current revenue projections may be able to support), and for Fiscal Year 2010-11, requested spending authority is \$6,951.8 million (\$145.7 million below what current revenue projections may be able to support).
- (7) In Fiscal Year 2005-06, \$5.0 million was appropriated to the Department of Education as a result of a requirement of a state court order. In Fiscal Years 2006-07 and 2007-08, a total of \$11.1 million and \$31.9 million, respectively, is not subject to the appropriations limit pursuant to Section 24-75-201.1(1)(a)(III)(B), C.R.S., but is used as the base for calculation of the following year's appropriation limit. For Fiscal Year 2008-09, \$0.2 million is currently projected to be exempt from the appropriations limit. See "STATE FINANCIAL INFORMATION – Budget Process and Other Considerations – *Expenditures, The Balanced Budget and Statutory Spending Limitation*."
- (8) This generally includes the Cigarette Rebate, Old Age Pension Fund, Property Tax, Heat and Rent Credit and Fire and Police Pensions. Per SB 03-263, State expenditures for unfunded, old hire pension plans in the Fire and Police Pensions Association were eliminated in Fiscal Year 2004-05. Per SB 05-209, the Volunteer Firefighter Retirement Plan and Volunteer Firefighter Death and Disability Insurance appropriations are not subject to the limitation on General Fund appropriation growth limit and are included in the amounts shown for Fiscal Years 2004-05 and beyond. This line item also includes the impact of the reduction or suspension of contributions to the Fire and Police Pensions Association old hire plan members' benefit trust fund in Fiscal Years 2008-09, 2009-10 and 2010-11 per SB 09-203 and SB 09-227.
- (9) The senior Homestead Exemption property tax credit was suspended for Fiscal Years 2004-05 through 2005-06, reinstated in Fiscal Years 2006-07 through 2008-09, again suspended for Fiscal Year 2009-10 and requested to be suspended for Fiscal Year 2010-11 (except for an exemption for qualified disabled veterans).
- (10) HB 04-1412 eliminated the General Fund transfer to the Capital Construction Fund provided by Section 24-75-302(2), C.R.S., in Fiscal Years 2004-05 and 2005-06. The transfers shown in the table in these Fiscal Years are per HB 04-1003 and HB 04-1021, respectively. Also included are continuation costs for Fiscal Year 2009-10 capital requests, Level I Controlled Maintenance funding and certificate of participation payments appropriated from capital construction funds.
- (11) HB 04-1267 repealed the statutory requirement to repay the Controlled Maintenance Trust Fund in Fiscal Years 2004-05 and 2005-06. Per SB 05-211, \$55 million was transferred to the Controlled Maintenance Trust Fund on June 30, 2005.
- (12) Assumes receipt of the Recovery Act funding for Medicaid over three Fiscal Years, beginning with Fiscal Year 2008-09. All of these additional federal funds are anticipated to reduce General Fund expenditures and are therefore shown as negative values when applicable; however, estimates of General Fund appropriations are reduced in Fiscal Years 2009-10 and 2010-11 rather than showing the increased FMAP as a reduction of appropriations on this table.
- (13) Per HB 02-1310, two-thirds of the Unappropriated Reserve in excess of the then applicable Unappropriated Reserve is required to be credited to the Highway Users Tax Fund, and one-third of such excess is to be credited to the Capital Construction Fund. SB 09-228 has repealed this requirement effective January 1, 2010, and SB 09-278 prohibited the transfer of the excess reserves for Fiscal Years 2008-09 and 2009-10 to the Highway Users Tax Fund and the Capital Construction Fund. See "STATE FINANCIAL INFORMATION – Budget Process and Other Considerations – *Revenues and Unappropriated Amounts*."
- (14) Although Fiscal Year 2008-09 is closed as of this date and the State's Fiscal Year 2008-09 CAFR has been released, figures reported in this column are considered preliminary because they are based on the OSPB December 2009 Revenue Forecast, which was released before the Fiscal Year 2008-09 CAFR.
- (15) This excess amount is due to a one time transfer of \$458,057,698 from specified cash funds to the General Fund on June 30, 2009. See "Revenue Estimation – *Budgetary Reduction Measures for Fiscal Year 2008-09*" below.

Sources: State Treasurer's Office and OSPB December 2009 Revenue Forecast

Discussion of Recent General Fund Operations

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

Fiscal Year 2008-09 (Preliminary Unaudited). The following information is taken from the OSPB December 2009 Revenue Forecast, was based on unaudited preliminary figures and was not updated based on the State’s CAFR for Fiscal Year 2008-09 attached to the Official Statement as Appendix A.

Comprehensive General Fund revenues decreased by 13.0% 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 decline of 0.7% in Fiscal Year 2007-08. Corporate and individual income tax collections decreased 15.6% in Fiscal Year 2008-09 compared to an increase of 2.1% in Fiscal Year 2007-08. Other revenues declined 2.2% in Fiscal Year 2008-09 compared to a decline of 1.7% in Fiscal Year 2007-08. Total funds available for expenditure in Fiscal Year 2008-09 (which excludes the amount deposited into the State Education Fund) were \$7,826.3 million and total obligations were \$7,386.3 million. In accordance with Amendment 23, \$339.9 million was diverted to the State Education Fund. The General Fund statutory reserve was \$148.2 million. Per SB 09-277, the Unappropriated Reserve was lowered to 2.0% of Fiscal Year appropriations.

Fiscal Year 2007-08. General Fund revenues increased by 2.7% in Fiscal Year 2007-08 compared to an increase of 8.3% in Fiscal Year 2006-07. In Fiscal Year 2007-08, sales and use tax revenues increased by 4.9% compared to an increase of 4.1% in Fiscal Year 2006-07. Other excise tax revenue declined by 0.7% in Fiscal Year 2007-08 compared to an increase of 2.0% in Fiscal Year 2006-07. Corporate and individual income tax collections increased by 2.1% in Fiscal Year 2007-08 compared to an increase of 11.3% in Fiscal Year 2006-07. Other revenues declined by 1.7% in Fiscal Year 2007-08 compared to a decline of 7.2% in Fiscal Year 2006-07. Total available funds for Fiscal Year 2007-08 (which excludes the amount deposited into the State Education Fund) were \$7,766.9 million and total obligations were \$7,439.9 million. In accordance with Amendment 23, \$407.9 million was transferred to the State Education Fund, and in accordance with SB 97-1, \$238.1 million was transferred to the Highway Users Tax Fund. The General Fund year-end reserve was \$327.0 million, which was allocated as follows: \$283.5 million constituted the statutorily required Unappropriated Reserve for that Fiscal Year, and in accordance with HB 02-1310, two-thirds of the amount in excess of the 4% Unappropriated Reserve (\$29.0 million) was transferred to the Highway Users Tax Fund and one-third of such excess (\$14.5 million) was transferred to the Capital Construction Fund. See also Management’s Discussion and Analysis in **Appendix A** – “STATE COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2009,” as well as “OSPB Revenue and Economic Forecasts” below.

Fiscal Year 2006-07. General Fund revenues increased by 8.3% in Fiscal Year 2006-07 compared to an increase of 13.1% in Fiscal Year 2005-06. In Fiscal Year 2006-07, sales and use tax revenues increased by 4.1% compared to an increase of 5.7% in Fiscal Year 2005-06. The “Other Revenue” category of General Fund revenues decreased by 7.2% partially due to a \$6.0 million, or 88.5%, decrease in estate taxes which was due to the nearly complete phase out of federal estate taxes and related credit claimed by the State against those taxes. Total available funds for Fiscal Year 2006-07 (which excludes the amount deposited to the State Education Fund) were \$7,562.9 million and total obligations were \$7,046.6 million. In accordance with Amendment 23, \$395.1 million was transferred to

the State Education Fund, and in accordance with SB 97-1, \$228.6 million was transferred to the Highway Users Tax Fund. The General Fund year-end reserve was \$516.3 million, which was allocated as follows: \$267.0 million constituted the statutorily required 4% Unappropriated Reserve, and in accordance with HB 02-1310, two-thirds of the Unappropriated Reserve in excess of the 4% Unappropriated Reserve requirement (\$166.2 million) was transferred to the Highway Users Tax Fund and one-third of such excess (\$83.1 million) was transferred to the Capital Construction Fund.

Fiscal Year 2005-06. General Fund revenues (including deposits to the State Education Fund per Amendment 23) grew 13.1% in Fiscal Year 2005-06, compared to an increase of 7.1% in Fiscal Year 2004-05. Sales and use tax revenues increased 5.7% in Fiscal Year 2005-06 compared to an increase of 5.2% in Fiscal Year 2004-05. Individual income tax revenues increased 17.9%, compared to an increase of 7.6% in Fiscal Year 2004-05. Total available funds for Fiscal Year 2005-06 (which excludes the amount deposited to the State Education Fund) were \$7,139.5 million and total obligations were \$6,451.1 million. In accordance with Amendment 23, \$357.2 million was transferred to the State Education Fund, and in accordance with SB 97-001, \$220.4 million was transferred to the Highway Users Tax Fund. The General Fund year-end reserve was \$688.4 million, which was allocated as follows: \$251.7 million constituted the statutorily required 4% Unappropriated Reserve, and in accordance with HB 02-1310, two-thirds of the Unappropriated Reserve in excess of the 4% Unappropriated Reserve requirement (\$291.1 million) was transferred to the Highway Users Tax Fund and one-third of such excess (\$145.6 million) was transferred to the Capital Construction Fund.

Fiscal Year 2004-05. General Fund revenues grew 7.1% in Fiscal Year 2004-05, compared to an increase of 6.7% in Fiscal Year 2003-04. Sales and use tax revenues increased 5.2% compared to an increase of 3.7% in Fiscal Year 2003-04. Individual income tax revenues increased 7.6% compared with an increase of 10.5% in Fiscal Year 2003-04. Total available funds for Fiscal Year 2004-05 were \$6,449.0 million and total obligations were \$6,112.9 million. In accordance with Amendment 23, \$313.9 million was transferred to the State Education Fund. The General Fund year-end reserve was \$335.4 million, which was allocated as follows: \$237.4 million constituted the statutorily required 4% Unappropriated Reserve, and in accordance with HB 02-1310, two-thirds of the Unappropriated Reserve in excess of the 4% Unappropriated Reserve requirement (\$65.3 million) was transferred to the Highway Users Tax Fund and one-third of such excess (\$32.7 million) was transferred to the Capital Construction Fund.

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 2008-09, individual and corporate income taxes comprised approximately 65.4% of total General Fund revenues, and general sales and use taxes contributed approximately 29.8% of total General Fund revenues (General Fund revenues described above are before State Education Fund diversion adjustments). The OSPB forecasts that gross General Fund revenue will grow at a compound average annual rate of 4.6% between Fiscal Year 2008-09 and Fiscal Year 2012-13.

Individual Income Tax. The largest source of General Fund revenues is receipts generated by the individual income tax. Individual income tax revenues comprised 61.2% of total General Fund revenues (total receipts before State Education Fund diversions) in Fiscal Year 2008-09, and are forecast by the OSPB to comprise 60.6% of total General Fund revenues in Fiscal Year 2009-10 and 59.5% of total General Fund revenues in Fiscal Year 2010-11. Individual income tax revenues increased by 7.6% in Fiscal Year 2004-05, 17.9% in Fiscal Year 2005-06, 11.3% in Fiscal Year 2006-07, 2.1% in Fiscal Year 2007-08, and decreased 12.9% in Fiscal Year 2008-09. The OSPB forecasts that Fiscal Year 2009-10 individual income tax revenues will decrease by 1.9% over Fiscal Year 2008-09.

Corporate Income Tax. Corporate income tax revenues accounted for 4.1% of total General Fund revenues (total receipts before State Education Fund diversions) in Fiscal Year 2008-09, and are forecast by the OSPB to comprise 4.6% of total General Fund revenues in Fiscal Year 2009-10 and 5.3% of total General Fund revenues in Fiscal Year 2010-11. Corporate tax receipts are the most volatile revenue source for the General Fund. In Fiscal Year 2004-05, corporate income tax receipts rose 33.9% as a result of the 50% bonus depreciation and increased small business expensing provisions of the Jobs Act, the depreciation and expensing provisions of which expired in calendar year 2004. In addition, the cost cutting measures undertaken over the past several years, coupled with productivity increases, have improved corporate profitability and minimized losses. In Fiscal Year 2005-06, corporate income tax receipts increased 42.0% due to one-time revenue received from the repatriation of corporate foreign earnings under the American Jobs Creation Act of 2004. Corporate income tax receipts increased 11.3% in Fiscal Year 2006-07, 2.0% in Fiscal Year 2007-08, and decreased 42.4% in Fiscal Year 2008-09, but are forecast by the OSPB to increase in Fiscal Year 2009-10 by 9.8% over Fiscal Year 2008-09. The OSPB forecasts that a recovery will begin in Fiscal Year 2009-10 as credit markets continue to thaw and as federal stimulus funding generates increased economic activity.

Sales and Use Taxes. Sales and use tax receipts accounted for 29.8% of General Fund revenue (total receipts before State Education Fund diversions) in Fiscal Year 2008-09, and are forecast by the OSPB to comprise 29.9% of total General Fund revenues in Fiscal Year 2009-10 and 30.6% of total General Fund revenues in Fiscal Year 2010-11. Sales and use tax revenues increased 5.2% in Fiscal Year 2004-05, 5.7% in Fiscal Year 2005-06, 4.1% in Fiscal Year 2006-07, 4.9% in Fiscal Year 2007-08, and decreased by 9.1% in Fiscal Year 2008-09. Sales and use tax revenues for Fiscal Year 2009-10 are anticipated to decline by 0.6% from the previous year, attributable largely to high unemployment and diminished wage growth. The OSPB forecasts that as consumer confidence begins to rise, the State will experience relatively stable retail trade spending in the near term before pent up demand begins to escalate consumer spending again. However, per SB 09-275, the State will retain the full amount allowable from the 2.9% sales tax rate, without a reduction for administrative costs associated with vendors collecting the tax. In addition, the State expects to receive additional sales taxes as a result of the elimination of the sales tax exemptions on cigarettes pursuant to HB 09-1342. The implementation of SB 09-275 and HB 09-1342 is forecast to result in the State receiving nearly \$90 million in additional sales tax revenue during Fiscal Years 2009-10 and 2010-11, before such changes are repealed. Therefore, the State is forecast to realize a lesser decline in sales and use tax revenue than would have otherwise occurred during these two Fiscal Years. Sales and use tax collections are anticipated to improve in Fiscal Year 2011-12.

Other Excise Taxes. In addition to the State sales and use tax, the State imposes excise taxes on the sale of cigarettes, tobacco products and liquor. These other excise tax receipts accounted for 1.3% of General Fund revenue (total receipts before State Education Fund diversions) in Fiscal Year 2008-09, and are forecast by the OSPB to comprise 1.4% of total General Fund revenues in Fiscal Year 2009-10 and 1.2% of total General Fund revenues in Fiscal Year 2010-11. Other excise tax revenues increased 0.2% in Fiscal Year 2004-05, followed by a decline of 4.9% in Fiscal Year 2005-06, an increase of 2.0% in Fiscal Year 2006-07, a decline of 0.2% in Fiscal Year 2007-08, and a decline of 1.7% in Fiscal Year 2008-09. The OSPB forecasts that other excise tax receipts will increase 3.4% in Fiscal Year 2009-10 and decrease 2.6% in Fiscal Year 2010-11.

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

number of cigarette and other tobacco products purchased decreased. The additional cash collections are deposited to the Tobacco Tax Cash Fund created by Amendment 35.

Other Revenues. This category includes a diverse group of revenues such as estate taxes, insurance taxes, pari-mutuel taxes, interest income, court receipts, gaming taxes, and other income, and as a group are relatively volatile. Other revenues accounted for 3.6% of total General Fund revenues (total receipts before State Education Fund diversions) in Fiscal Year 2008-09, and are forecast by the OSPB to comprise 3.6% of total General Fund revenues in Fiscal Year 2009-10 and 3.4% of total General Fund revenues in Fiscal Year 2010-11. As a whole, revenues in this category declined 3.6% in Fiscal Year 2004-05, 17.3% in Fiscal Year 2005-06, 7.2% in Fiscal Year 2006-07, 1.7% in Fiscal Year 2007-08, and 2.2% in Fiscal Year 2008-09. The large decrease in Fiscal Year 2005-06 was a result of HB 06-1201, which redirected approximately \$24.0 million of Limited Gaming cash fund revenue that was previously transferred to the General Fund to the Colorado Travel and Tourism Promotion Fund (\$18.0 million), the State Council on the Arts Cash Fund (\$1.5 million), the Film Incentives Cash Fund (\$0.5 million) and the New Jobs Incentives Cash Fund (\$3.0 million). SB 07-246 transferred \$7.0 million from the Limited Gaming Cash Fund revenues to the Clean Energy Fund, and the remainder of \$6.5 million remained in the General Fund. In Fiscal Year 2007-08 and thereafter, all moneys from the Limited Gaming Cash Fund that previously would have been transferred to the General Fund were instead transferred to the Clean Energy Fund. However, to alleviate the shortfall in Fiscal Year 2008-09, approximately \$2.8 million was transferred to the General Fund rather than to the Clean Energy Fund. Similar transfers to the General Fund from limited gaming revenues were also proposed by the Governor for Fiscal Year 2009-10 and Fiscal Year 2010-11, equal to \$14.2 million and \$21.3 million, respectively. The OSPB forecasts that other revenues will increase 0.5% in Fiscal Year 2009-10 and 1.1% in Fiscal Year 2010-11.

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 2009-10 and 2010-11. 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 2004-05	Fiscal Year 2005-06	Fiscal Year 2006-07	Fiscal Year 2007-08	Fiscal Year 2008-09	Fiscal Year 2009-10	Fiscal Year 2010-11
Individual Income Tax	\$3,712.7	\$4,376.1	\$4,870.9	\$4,973.7	\$4,333.3	\$4,251.8	\$4,520.3
Change from Prior Year	7.6%	17.9%	11.3%	2.1%	(12.9)%	(1.9)%	6.3%
Corporate Income Tax ⁽²⁾	\$315.0	\$447.4	\$497.9	\$507.9	\$292.5	\$321.3	\$401.1
Change from Prior Year	33.9%	42.0%	11.3%	2.0%	(42.4)%	9.8%	24.8%
Sales and Use Tax ^{(3), (4)}	\$2,008.0	\$2,123.2	\$2,209.5	\$2,317.9	\$2,107.8	\$2,095.8	\$2,322.8
Change from Prior Year	5.2%	5.7%	4.1%	4.9%	(9.1)%	(0.6)%	10.8%
Other Excise Taxes	\$96.9	\$92.2	\$94.0	\$93.3	\$91.7	\$94.8	\$92.3
Change from Prior Year	0.2%	(4.9)%	2.0%	(0.7)%	(1.7)%	3.4%	(2.6)%
Other Revenues	\$342.2	\$282.9	\$262.5	\$258.1	\$252.4	\$253.6	\$256.4
Change from Prior Year	(3.6)%	(17.3)%	(7.2)%	(1.7)%	(2.2)%	0.5%	1.1%

- (1) OSPB December 2009 Revenue Forecast. Projections for individual, corporate and sales tax revenue in these years incorporate the impact from the Governor's budget balancing proposals, including revenue enhancement proposals from the elimination or suspension of State tax exemptions and credits. See "Individual Income Tax," "Corporate Income Tax" and "Sales and Use Taxes" above.
- (2) In Fiscal Year 2004-05, a number of federal tax relief provisions adopted in 2001, 2002 and 2003 were no longer in effect, resulting in a large percentage increase in Fiscal Year 2004-05 State net corporate income tax revenues.
- (3) For Fiscal Years 2006-07, 2007-08 and 2008-09, a portion of net sales and use tax revenues is required to be diverted to the Highway Users Tax Fund if General Fund revenues are sufficient to fund appropriations and maintain the Unappropriated Reserve. This requirement was repealed for Fiscal Year 2009-10. The full amount of sales and use taxes collected are reported in this table although the amount diverted to the Highway Users Tax Fund is deducted from available revenues in the General Fund Overview table below.
- (4) Sales tax figures for Fiscal Year 2008-09 include the impact of SB 09-212, which reduced vendor allowances from 3.33% to 1.35% of all sales tax revenue. In addition, per SB 09-275, no vendor allowance is allowed in Fiscal Years 2009-10 or 2010-11, and HB 09-1342 eliminated the \$0.84 cigarette tax exemption for Fiscal Years 2009-10 and 2010-11.

Source: Office of State Planning and Budgeting

Revenue Estimation

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

The OSPB begins estimating revenue by obtaining macroeconomic forecasts for national and State variables. The national forecast is provided by Action Economics, which describes itself as delivering in-depth analysis of all relevant data releases featuring a wide range of fundamental and technical analysis of key market instruments. The OSPB forecasts the State economy using a model developed partly in-house and partly by consultants to the State.

The model of the State economy is updated quarterly. This model is comprised of numerous dynamic regression equations and identities. Action Economics forecasts for national variables are inputs to many of the Colorado equations. The model of the State economy generates forecasts of key indicators such as employment, retail sales, inflation and personal income. These forecasts are then used as inputs to revenue forecasts for income tax receipts, corporate collections, sales tax receipts, etc.

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

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

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

The OSPB June 2009 Revenue Forecast projected a Fiscal Year 2009-10 shortfall in excess of one-half of the 2% Unappropriated Reserve requirement for such Fiscal Year, and thus, in June 2009, the Governor implemented the procedures described above for Fiscal Year 2008-09. See "OSPB Revenue and Economic Forecasts – Revenue Forecast" and "Budgetary Reduction Measures for Fiscal Years 2008-09 and 2009-10" below.

Budgetary Reduction Measures for Fiscal Year 2008-09. During the 2009 regular legislative session of the General Assembly, which concluded on May 6, 2009, a number of budgetary reduction measures were enacted in order to address the additional General Fund revenue shortfall for Fiscal Year 2008-09. Such legislation provides for, among other things, transfers of up to \$362.0 million from various cash funds to the General Fund in Fiscal Year 2008-09 and the reduction in the Unappropriated Reserve for Fiscal Year 2008-09 from 4% to 2% as discussed in “STATE FINANCIAL INFORMATION – Budget Process and Other Considerations – *Revenues and Unappropriated Amounts.*” In addition, \$214.1 million of additional Federal Medicaid funding authorized under the Recovery Act was used to balance the State budget for Fiscal Year 2008-09.

Further, SB 09-219 and SB 09-279 provide that if the OSPB June 2009 Revenue Forecast indicated that General Fund expenditures for Fiscal Year 2008-09, based on appropriations then in effect, will exceed the General Fund revenues available for expenditure in that Fiscal Year, the Governor may order a reduction in the Unappropriated Reserve for Fiscal Year 2008-09 from 2% to either a lower percentage or to zero as discussed in “STATE FINANCIAL INFORMATION – Budget Process and Other Considerations – *Revenues and Unappropriated Amounts*” and may order a temporary transfer of funds to the General Fund on June 30, 2009, up to \$565.9 million, from certain identified cash funds as discussed in “OSPB Revenue and Economic Forecasts – Revenue Forecast” below. Based on the OSPB June 2009 Revenue Forecast, revenue estimates prepared by the Colorado Legislative Council and the recommendation of the State Controller, on June 29, 2009, pursuant to the authority granted by SB 09-279, the Governor ordered the State Treasurer and the State Controller to transfer \$458,057,698 from specified cash funds to the General Fund on June 30, 2009, in order to balance the Fiscal Year 2008-09 budget. This amount was comprised of (i) the State Controller’s estimated General Fund deficit at June 30, 2009, of approximately \$228.1 million, assuming the maintenance of the 2% Unappropriated Reserve in the General Fund, plus (ii) an additional amount as a contingency to mitigate the effects of any statutorily authorized overexpenditure and any additional shortfall between estimated and actual revenues, which are not finally determinable until after the end of the Fiscal Year. Due to the uncertainty of final revenues and expenditures, the entire amount of such transfer ultimately was not needed to meet actual Fiscal Year 2008-09 appropriations which resulted in an approximately \$300 million excess over the required Unappropriated Reserve of 2% for Fiscal Year 2008-09. Pursuant to the provisions of SB 09-279, these amounts were restored to the various cash funds on July 1, 2009. See also “Budgetary Reduction Measures for Fiscal Year 2009-10” below. In addition, SB 09-279 required the State Treasurer to transfer the balance (\$219.0 million) of the Sales and Use Tax Holding Fund (“SUTHF”) to the General Fund on June 30, 2009. Under previously existing statutes, the balance in the SUTHF was transferred to the Highway Users Tax Fund except to the extent that it was needed to ensure that the Unappropriated Reserve was maintained at the statutorily required percentage.

Overall, the measures described above provided for approximately \$1,179.4 million of additional resources in the General Fund, including amounts made available as the result of the reduction in the required amount of the Unappropriated Reserve and transfers or the diversion of approximately \$1,043.6 million of other cash funds into the General Fund, in order to balance the Fiscal Year 2008-09 budget. The use of some of these funds to balance the Fiscal Year 2008-09 budget was authorized by statute only for Fiscal Year 2008-09. Similar transfers were approved for balancing the Fiscal Year 2009-10 budget. However, these sources of funds will not continue to be available as a long-term balancing mechanism.

Budgetary Reduction Measures for Fiscal Year 2009-10. Based on greater than anticipated revenues in the last two months of Fiscal Year 2008-09 as well as a higher level of enhanced federal financial participation for Medicaid expenditures in the last quarter of Fiscal Year 2008-09, actual revenues earned through June 30, 2009 resulted in a budgetary shortfall that was \$82.7 million less than the Fiscal Year 2008-09 shortfall that was previously estimated in the OSPB June 2009 Revenue Forecast. As the shortfall in Fiscal Year 2008-09 was shifted into Fiscal Year 2009-10 through the

allowable cash fund transfer described in the preceding paragraph, the previously estimated Fiscal Year 2009-10 shortfall was correspondingly reduced by \$82.7 million. Therefore, the Fiscal Year 2009-10 shortfall estimated after the OSPB June 2009 Forecast was \$318.0 million and was based on more conservative revenue estimates outlined in the Colorado Legislative Council revenue forecast (released on June 22, 2009), adjusted for preliminary Fiscal Year 2008-09 revenues. On August 25, 2009, the Governor prepared a budget balancing plan to address this \$318 million shortfall.

Subsequent to the Governor's August 25, 2009 budget balancing plan, revised revenue forecasts were released on September 21, 2009 by both OSPB and the Colorado Legislative Council. Based on these updated revenue projections, an additional Fiscal Year 2009-10 shortfall of \$271.4 million (resulting in a total projected revenue shortfall of \$589.4 million) was determined and was addressed through the Governor's October 28, 2009 budget balancing plan. The revised \$589.4 million budget balancing plan was formulated to address the most conservative revenue projections published by the Colorado Legislative Council after certain minor adjustments were made for variances in General Fund expenditures in accordance with the State statutes. The Governor formally submitted to the General Assembly budget balancing actions related to the October 28, 2009 budget balancing plan on December 1, 2009. While many of the Governor's budget balancing actions have already been implemented through several Executive Orders issued by the Governor, as required by statute, the General Assembly must adopt the Governor's plans through legislative action prior to the Fiscal Year 2009-10 budget being balanced.

The Colorado Legislative Council forecast released on December 18, 2009 projects a further General Fund revenues shortfall of \$39.9 million (compared to the amount of the budgetary shortfall estimated in its September 21, 2009 forecast). Further balancing measures will be necessary in order to address this additional projected General Fund revenues shortfall.

Fiscal Year 2010-11. On November 6, 2009, the Governor delivered his Fiscal Year 2010-11 budget request to the JBC. Following the new Fiscal Year 2010-11 revenue forecast included in the OSPB December 2009 Revenue Forecast and Colorado Legislative Council December 2009 forecast, the Governor introduced his budget balancing plan for Fiscal Year 2010-11 to the JBC on February 18, 2010. The plan included a number of proposed budgetary adjustments, including elimination of a college scholarship fund, reduced Medicaid expenditures, new tax and compliance initiatives, additional budgetary reductions, asset sale and leaseback proposals, enhanced Medicaid federal matches or the sale and privatization of some State assets. Final decisions on budgetary adjustments must be approved by the State General Assembly.

OSPB Revenue and Economic Forecasts

The OSPB prepares quarterly revenue estimates covering a four year period. Currently, the OSPB is forecasting for Fiscal Year 2009-10 through Fiscal Year 2012-13. The forecasts are based on historical patterns, with economic and legislative changes explicitly included in the models that forecast revenue growth, and include both State and national economic forecasts. The most recent OSPB Revenue Forecast was issued on December 18, 2009, and is summarized below.

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

Revenue Forecast. With the inclusion of the Governor’s August 25, 2009 and December 1, 2009 budget balancing proposals, the OSPB December 2009 Revenue Forecast projects that sufficient General Fund revenues are available to support requested spending authority for Fiscal Year 2009-10. For Fiscal Year 2010-11, General Fund revenues available for appropriation are anticipated to increase above Fiscal Year 2009-10 levels while maintaining the 2.0% Unappropriated Reserve requirement.

Gross General Fund revenues in Fiscal Year 2009-10 are projected to decrease 0.7% (or \$49.7 million) from prior year levels. This reduction in total State revenues is largely the result of declining individual income tax collections which are projected to contract by 1.9%. These reductions are being buffered slightly by a projected 0.5% increase in sales tax collections; however, much of that increase can be attributed to legislative actions taken during the 2009 session, including the elimination of the vendor administrative fee and the cigarette tax credit.

For Fiscal Year 2010-11, General Fund revenues available for appropriation are anticipated to increase 8.2% over Fiscal Year 2009-10 projected levels. Much of this increase in revenue is attributable to the proposed elimination or suspension of multiple tax credits and exemptions as discussed in “General Fund Revenue Sources,” but is also due to the anticipated economic recovery continuing in Colorado. In addition to the proposed revenue enhancements, the Governor also requested that the reduced 2.0% statutory unappropriated General Fund reserve requirement be continued and that the homestead exemption for seniors be suspended through Fiscal Year 2011-12; thereby adding to available General Fund resources for appropriation.

See also “General Fund Overview” and “Revenue Estimation – Budgetary Reduction Measures for Fiscal Years 2008-09 and 2009-10” above.

Economic Forecast. The OSPB quarterly revenue forecasts also include both Colorado and national economic forecasts. The OSPB December 2009 Revenue Forecast states that both the national and Colorado economies continue to struggle from recessionary pressures, but there are some indications that conditions are beginning to improve in Colorado. Local conditions around the State remain mixed as some areas have been hit harder than others; however, Colorado continues to fare better than a number of other states in such areas as nonagricultural employment, housing, and personal income. In 2008, Colorado had the fourth-fastest growing gross domestic product (“GDP”) rate in the country, and a number of economists project that Colorado will rank among those states that lead the recovery. In late July 2009, CNBC rated Colorado the third top state in the nation for doing business in 2009. Even with these optimistic outside predictions, mixed results are expected in 2010 as some economic indices will improve while others are likely to lag the recovery, before more robust improvement is anticipated in 2011.

The OSPB December 2009 Revenue Forecast notes that the recent recession has been unlike any other in recent history, and there remains a great deal of uncertainty about both the direction of general economic trends and the rate at which they are expected to change. One of the most significant variables is the high level of unemployment, and questions remain over when exactly this variable will improve. This is especially significant because high unemployment levels impact a host of other variables, such as consumer spending. Another risk to the Colorado economic forecast is that the national economy could experience another adverse shock, which would likely impact the Colorado economy as well.

Colorado is anticipated by many economists to be one of the key states that lead the national recovery because of its diversified economy, substantial investments in renewable energy and a relatively stable housing market. Historical data and trends used in the OSPB Colorado economic model reflect patterns of recovery in which Colorado’s recovery lags that of the nation, and this could potentially

influence the forecast such that Colorado's unique position as a leader in this recovery might not be sufficiently accounted for in these projections.

Employment

In October 2009, Colorado's seasonally adjusted unemployment rate decreased to 6.9%. It should be noted that, many Coloradoans continue to face significant difficulties due to labor market conditions, and the reduced unemployment rate for Colorado is partially due to individuals giving up their job searches in the near term. However, while employment difficulties in Colorado persist, the State continues to fare better relative to other states. Further nonagricultural employment declines and sluggish improvement in this variable would likely result in a slow economic recovery both nationally and in Colorado.

The OSPB December 2009 Revenue Forecast projects unemployment rates of 7.4% for 2009 and 8.0% for 2010. Total nonagricultural employment is projected to contract by 4.4% in 2009 and 1.5% in 2010. The 2009 estimates reflect the anticipated impact from the Bureau of Labor Statistics restatement estimate for employment which occurs every year. While the exact impact to Colorado is not yet known, the national revision is anticipated to equate to a loss of 824,000 jobs. This manual adjustment was incorporated into the OSPB December 2009 Revenue Forecast and therefore does not match current monthly employment data published by the Bureau of Labor Statistics for Colorado.

Inflation

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

The presence of upward price pressures in Colorado is not anticipated in 2009. Recent data suggest that the national CPI will decrease slightly (0.3%), but both consumer and producer prices remain well below 2007 and 2008 levels. Expectations of persistent labor market difficulties, diminished consumer confidence, and a generally weakened economy are expected to moderate inflationary pressures beyond the current year.

The OSPB December 2009 Revenue Forecast projects that the Denver-Boulder-Greeley Consumer Price Index will decline 1.2% in 2009 and increase 1.5% in 2010.

Wages and Income

Colorado personal income increased 3.3% in 2008 (after restated historical figures were incorporated from the Bureau of Economic Analysis, published October 16, 2009), and national personal income increased 2.9%. Personal income is comprised of wage and salary income, Social Security and unemployment insurance payments, dividends, interest, and income for Colorado's small businesses. Because of these various components, it is important to note that personal income rarely exhibits year-to-year contractions, which is unlike wages and salaries, which can experience greater volatility due to the influences of economic conditions.

Colorado personal income is expected to decrease 2.6% in calendar year 2009 and increase 0.6% in 2010. The decline in personal income for 2009 is attributable primarily to labor market and banking sector difficulties. Colorado wage and salary income is projected to decrease 3.4% in 2009 and 0.2% in

2010. Wage and salary income, like personal income, is also affected significantly by labor market difficulties.

Wage and salary income is expected to increase in 2011 as the labor market improves and aggregate demand increases. The typical progression in a recovery is (1) first an increase in productivity, (2) followed by an increase in hours worked, and finally (3) the hiring of additional workers. The national economy is presently situated somewhere between the first and second stages, as is Colorado. An increase in wage and salary income is expected to precede significant job creation as firms increase overtime pay and hours worked by existing workers before adding new workers.

Population and Migration

In 2008, net in-migration to Colorado was approximately 52.6 thousand people and total population growth was approximately 1.8%. The OSPB December 2009 Revenue Forecast projects that Colorado population will increase 1.4% in 2009 and 1.7% in 2010. One factor influencing population migration patterns is the geographic dispersion of newly created jobs. Therefore, if Colorado is a state that does lead the recovery, population growth in Colorado could deviate from historical trends as the economy recovers.

Construction

The construction industry has contracted significantly over the course of the recession. In 2008, Colorado nonresidential construction value declined 12.5%. Nonresidential construction value is projected to decrease 18.4% in 2009 and then to increase 4.2% in 2010 off a depressed base, and with the assistance of federal stimulus funding. Improvement in nonresidential construction value is expected in 2011 as companies begin to improve existing structures and expand infrastructure. However, this is not expected in the near term because current inventory levels are below traditional levels, which suggests an excess of inventory storage capacity, and vacant retail space throughout the State and nation.

Housing starts in Colorado were down 35.5% in 2008, and are anticipated to continue this downward trend for 2009 (down an additional 47.9%) before increasing in 2010 (rising from a significantly reduced base by 52.5%). This forecast may be conservative given recent bolstering from the first-time-homebuyer credit offered by the federal government.

Metropolitan Home Price Values

While housing markets generally remain distressed around the nation, the Denver housing market, which has not experienced the volatility seen in many other states, remains relatively stable and is positioned to fare well as the economy expands. The S&P/Case-Shiller Home Price Indices measure the residential housing market, tracking changes in the value of the residential real estate market in 20 metropolitan regions across the United States, including Denver (the “**Composite-20**”). These indices suggest that although home values in the Denver metropolitan area have declined, they have been more stable than those of the Composite-20. In September 2009, compared to the same month in 2005, Denver home price values were down approximately 6.0%, while the Composite-20 average declined approximately 26.0%.

Retail Trade

The current recession has certainly affected consumer behavior. High unemployment levels, increased savings, and diminished consumer confidence have negatively affected retail trade sales in Colorado. Retail trade sales declined 0.8% in 2008. This variable is projected to decline 11.3% in 2009

and increase 3.6% in 2010. The significant decline in 2009 reflects deterioration in the labor market in 2009 over 2008. Retail trade sales are expected to increase in 2010 as personal income and consumer confidence increase, and as consumers replace aging items despite higher levels of unemployment.

See also **Appendix G** – “CERTAIN STATE ECONOMIC AND DEMOGRAPHIC INFORMATION” for additional information relating to State’s economy.

Investment of the State Pool

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

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

Fiscal Years 2008-09 and 2009-10 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 2008-09 and first six months of Fiscal Year 2009-10.

State of Colorado
State Pool Portfolio Mix
Fiscal Year 2008-09
(Amounts expressed in millions)⁽¹⁾

	Jul 2008	Aug 2008	Sept 2008	Oct 2008	Nov 2008	Dec 2008	Jan 2009	Feb 2009	Mar 2009	Apr 2009	May 2009	Jun 2009
Agency CMOs	\$ 291.8	\$ 297.3	\$ 293.0	\$ 314.2	\$ 340.9	\$ 336.0	\$ 331.1	\$ 324.8	\$ 317.8	\$ 310.7	\$ 303.0	\$ 295.2
Commercial Paper	724.0	409.5	403.4	0.0	79.7	149.7	50.0	0.0	99.9	189.9	99.9	99.9
U.S. Treasury Notes	520.5	510.6	485.5	490.9	581.3	569.0	448.8	423.8	414.1	414.1	429.1	403.8
Federal Agencies	3,183.0	3,011.3	3,145.5	3,319.6	3,061.9	2,613.1	3,354.5	3,137.5	3,118.5	3,341.0	3,358.7	3,321.4
Asset-Backed Securities	878.6	850.1	819.6	786.9	765.6	974.2	734.1	693.1	676.7	646.0	631.3	618.9
Money Market	370.0	320.0	265.0	235.0	365.0	466.4	382.0	297.0	256.5	347.0	297.0	397.0
Corporates	478.5	451.1	449.1	447.8	455.8	454.2	449.2	434.2	429.2	414.5	416.5	403.6
Certificates of Deposit	76.3	79.2	76.2	73.7	72.4	79.7	78.3	78.0	78.0	76.5	77.2	70.2
Totals	\$6,522.7	\$5,929.1	\$5,937.3	\$5,668.1	\$5,722.6	\$5,642.3	\$5,828.0	\$5,388.4	\$5,390.7	\$5,739.7	5,612.7	\$5,610.0

(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
First Six Months of Fiscal Year 2009-10
(Amounts expressed in millions)⁽¹⁾

	Jul 2009	Aug 2009	Sept 2009	Oct 2009	Nov 2009	Dec 2009
Agency CMOs	\$ 287.2	\$ 297.9	\$ 273.4	\$ 312.2	\$ 305.8	\$ 299.3
Commercial Paper	100.0	0.0	0.0	0.0	40.0	419.3
U.S. Treasury Notes	657.2	647.1	656.6	661.3	631.2	680.6
Federal Agencies	3,928.6	3,543.6	3,506.7	3,433.6	3,021.9	2,515.9
Asset-Backed Securities	606.0	580.9	553.6	542.3	532.6	521.1
Money Market	372.0	357.0	267.0	235.0	300.0	300.0
Corporates	385.6	385.6	368.8	355.6	371.0	373.0
Certificates of Deposit	46.5	41.0	38.5	36.7	31.3	31.0
Totals	\$6,383.1	\$5,835.1	\$5,664.6	\$5,576.7	\$5,233.8	\$5,140.8

(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

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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 January 31, 2010, the amount of \$64.7 million was on deposit in the Assistance Fund. The revenue sources for the Assistance Fund are further described below.

Rental Income and Royalties

The Territory of Colorado was established in 1861 pursuant to an enabling act (the “Enabling Act”). In the Enabling Act, the federal government declared that certain land previously owned by the federal government was to be granted in trust to the State for the support of the State’s public schools (the “Public School Lands”). On the date it was admitted to the United States, the State held roughly 3.7 million acres of Public School Lands. As of July 1, 2008, the Colorado State Land Board of Commissioners (the “State Land Board”) reported that the State held 2.7 million surface acres and 3.9 million mineral acres in trust as Public School Lands.

The Act provides that the following moneys are to be deposited in the Assistance Fund: the greater of 50% of the gross amount of “Public School Lands Income” received during a fiscal year or an amount of such income equal to the difference between the total amount of lease payments to be made by the State under the terms of the Leases and the total amount of Matching Moneys (as described below under “Matching Moneys”) to be paid to the State 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 five full fiscal years.

	Rental Income and Royalties				
	Fiscal Year 2004-2005	Fiscal Year 2005-2006	Fiscal Year 2006-2007	Fiscal Year 2007-2008	Fiscal Year 2008-2009
Rental Income ⁽¹⁾⁽²⁾	\$14,065,252	\$13,146,774	\$14,165,247	\$16,463,597	\$15,370,745
Royalties ⁽¹⁾	<u>40,688,892</u>	<u>48,851,022</u>	<u>46,339,555</u>	<u>53,791,573</u>	<u>58,652,742</u>
Total	\$54,754,144	\$61,997,796	\$60,504,802	\$70,255,170	\$74,023,487

(1) Includes interest earned on these revenues before they are distributed.

(2) Also includes timber sales.

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 2009-2010 of \$16,962,392 and \$36,880,121, respectively, for a total of \$53,842,513. The anticipated 37.1% reduction in Royalties from Fiscal Year 2008-09 is largely attributable to the depletion of coal at a mine that in previous years accounted for approximately 75% of the State Land Board's coal production. There is no certainty that Rental Income and Royalties will exceed or meet such forecasted levels in future years.

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.

If the Act had been in effect for the last five full fiscal years, the BEST Lottery Share deposits to the Assistance Fund would have been as provided in the table below. There is no certainty that the BEST Lottery Share will exceed or meet current levels.

BEST Lottery Share⁽¹⁾

	Fiscal Year 2004-2005	Fiscal Year 2005-2006	Fiscal Year 2006-2007	Fiscal Year 2007-2008	Fiscal Year 2008-2009
Best Lottery Share	\$2,396,438	\$1,691,454	\$12,545,316	\$8,219,905	\$5,534,736

(1) Amounts reflected above were generated in the prior fiscal years and received in the fiscal year as shown. Funds for the 2009-2010 fiscal year are expected to be received in August or September 2010.

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, 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 2010B-C Certificates, Matching Moneys related to the Series 2010B-C Certificates will be credited to the Assistance Fund in the form of cash in the amount of \$14,095,586. Additional Matching Moneys obligations relating to the Series 2010B-C Certificates are payable to the Assistance Fund in the future and include (a) Base Rent obligations in the principal amount of \$2,619,026 subject to annual appropriation in accordance with the applicable Sublease, (b) Matching Moneys Bonds in the principal amount of \$16,986,901 and (c) Matching Money Installment Payments in the aggregate amount of \$492,188, subject to annual appropriation in accordance with the applicable Sublease. See “PLAN OF FINANCING – The 2010B-C Projects and 2010B-C Participating K-12 Institutions.”

After the execution and delivery of the Series 2010B-C Certificates, an aggregate amount of \$36,671,133 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 2010B-C 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 Series 2009A Certificates and Series 2010B-C 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 2010B-C Certificates. Once Matching Moneys payable in installments pursuant to the Matching Moneys Bonds are deposited in the Assistance Fund, such amounts, together with other amounts on deposit therein, are available to be appropriated by the State to pay principal on the Series 2010B-C Certificates or for other purposes, including defraying the cost of Projects.

State Appropriation or Transfer From Legally Available Sources

If the amount of moneys in the Assistance Fund that is available to pay lease payments under the Leases will be insufficient to cover the full amount of the lease payments required by the Leases, the Act provides that the General Assembly may appropriate or transfer from any legally available source to the Assistance Fund sufficient moneys to make the lease payments. **However, the General Assembly is not obligated to appropriate or transfer moneys for such purpose and the decision whether or not to appropriate any such amount for such purpose will be in the General Assembly's sole discretion.** See Appendix E hereto.

Future Changes in Laws

Various Colorado laws, including the Act, apply to the priority and allocation of Public School Lands Income, availability of funds for appropriation by the State and other operations of the State. There is no assurance that there will not be any change in interpretation of, or addition to the applicable laws, provisions and regulations which would have a material affect, directly or indirectly, on the affairs of the State or amounts deposited in the Assistance Fund.

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APPENDIX G

Certain State Economic and Demographic Information

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

Overview

Colorado is the most populous state in the Rocky Mountain region. The State has two distinctive geographic and economic areas. The eastern half of the State consists of the eastern plains, which are flat, open and largely devoted to farming, and the Front Range, that contains the major metropolitan areas. The western half of the State includes the Rocky Mountains and the Western Slope. A significant portion of the land in the western half of the State is heavily forested and mountainous, owned by the federal government and devoted to national parks or forests.

The State’s population and wealth are concentrated in the Front Range, principally in four major metropolitan areas: Denver/Boulder, Colorado Springs, Fort Collins/Greeley and Pueblo. Denver, the State capital, is the major economic center in the State and the Rocky Mountain region, having developed as a regional center for transportation, communication, finance and banking. More recently, the Front Range has attracted advanced-technology industries and is experiencing a resurgence in natural gas, oil and coal extraction.

The State’s economy is sensitive to the national economy, leading to economic performance that depends a great deal on economic performance at the national level. See also “Appendix E – THE STATE GENERAL FUND – OSPB Revenue and Economic Forecasts.”

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Population and Age Distribution

The following table sets forth population figures for the State and the United States since the last census.

Year	Colorado		United States	
	Population (Millions)	% Change	Population (Millions)	% Change
2000	4.33	--	282.17	--
2001	4.43	3.0%	285.04	1.3%
2002	4.50	1.6	287.73	0.9
2003	4.55	1.0	290.21	0.9
2004	4.60	1.1	292.89	0.9
2005	4.66	1.4	295.56	0.9
2006	4.75	1.9	298.36	0.9
2007	4.84	1.9	301.29	1.0
2008	4.94	2.0	304.06	0.9
2009	5.02	1.6	307.01	0.9

Source: U.S. Department of Commerce, Bureau of the Census

The following table sets forth a comparative age distribution profile for the State and the United States.

Age	Colorado		United States	
	Population (Millions)	% of Total	Population (Millions)	% of Total
Under 18	1.21	24.4%	73.94	24.3%
18 to 24	0.47	9.4	29.76	9.8
25 to 44	1.46	29.7	83.43	27.4
45 to 64	1.29	26.1	78.06	25.7
65 and over	<u>0.51</u>	<u>10.3</u>	<u>38.87</u>	<u>12.8</u>
Total	<u>4.94</u>	<u>100.0%</u>	<u>304.06</u>	<u>100.0%</u>
Median Age	35.7		36.8	

Source: U.S. Department of Commerce, Bureau of the Census

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Income

The following table sets forth annual per capita personal income levels of the State, the Rocky Mountain region and the United States.

Per Capita Personal Income in Current Dollars⁽¹⁾

<u>Year</u>	<u>Colorado</u>		<u>Rocky Mountain Region⁽²⁾</u>		<u>United States</u>	
	<u>Income</u>	<u>% Change</u>	<u>Income</u>	<u>% Change</u>	<u>Income</u>	<u>% Change</u>
2004	\$36,649	--%	\$32,289	--%	\$33,899	--%
2005	38,539	5.2	34,061	5.5	35,447	4.6
2006	40,912	6.2	36,312	6.6	37,728	6.4
2007	42,444	3.7	37,799	4.1	39,430	4.5
2008	42,985	1.3	38,275	1.3	40,208	2.0

(1) Per capita personal income is total personal income divided by total mid-year population.

(2) Includes Colorado, Utah, Idaho, Montana and Wyoming.

Source: U.S. Department of Commerce, Bureau of Economic Analysis, October 2009

Employment

The following table sets forth recent total nonfarm labor force and unemployment statistics for the State.

Civilian Labor Force, Nonfarm Employment and Unemployment Rates (Seasonally Adjusted.)

<u>Year</u>	<u>Colorado Civilian Labor Force</u>		<u>Colorado Nonfarm Employment</u>		<u>Unemployment Rate (Annual Average)</u>	
	<u>(Thousands)</u>	<u>% Change</u>	<u>(Thousands)</u>	<u>% Change</u>	<u>Colorado</u>	<u>United States</u>
2004	2,535.4	--	2,179.7	--	5.6%	5.5%
2005	2,580.8	1.8	2,226.0	2.1%	5.1	5.1
2006	2,642.7	2.4	2,279.1	2.4	4.4	4.6
2007	2,686.4	1.7	2,331.4	2.3	3.9	4.6
2008	2,730.4	1.6	2,350.0	0.8	4.9	5.8
2009 ⁽¹⁾⁽²⁾	2,664.2	--	2,242.9	--	6.9	10.0

(1) As of October 2009.

(2) Preliminary.

Source: U.S. Department of Labor, Bureau of Labor Statistics

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The following table sets forth the number of individuals employed within selected industries in the State for the period 2004 through 2008 based on the North American Industrial Classification System (“NAICS”) codes.

**Average Number of Employees Within Selected Industries in the State
Subject to State Unemployment Laws – NAICS Classifications**

<u>Industry</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Agriculture, Forestry, Fishing, Hunting	14,547	14,963	14,834	14,592	14,083
Mining	14,374	17,007	20,682	25,033	28,328
Utilities	7,927	7,949	8,101	7,949	8,220
Construction	151,430	160,102	167,623	167,697	161,801
Manufacturing	154,548	150,586	148,848	146,744	144,158
Wholesale Trade	92,229	93,781	96,343	99,389	100,137
Retail Trade	241,410	246,048	248,443	253,591	252,685
Transportation and Warehousing	61,025	61,103	62,089	64,064	63,611
Information	81,243	77,438	75,614	76,132	76,977
Finance and Insurance	104,415	106,823	109,057	108,021	104,918
Real Estate, Rental and Leasing	46,005	46,854	47,690	47,865	46,857
Professional and Technical Services	144,793	155,997	162,988	170,573	176,438
Management of Companies and Enterprises	22,437	24,900	26,992	28,418	28,641
Administrative and Waste Services	131,697	135,276	141,856	149,122	146,470
Educational Services	23,485	24,823	25,754	26,969	27,687
Health Care and Social Assistance	192,430	197,134	202,378	210,524	219,877
Arts, Entertainment and Recreation	42,144	43,212	44,226	44,261	45,674
Accommodation and Food Services	209,187	214,191	220,745	225,799	227,275
Other Services	65,315	65,132	65,656	67,048	68,500
Nonclassifiable	196	263	268	510	906
Government	341,707	345,972	351,372	358,032	367,684
Total	<u>2,142,544</u>	<u>2,189,554</u>	<u>2,241,559</u>	<u>2,292,693</u>	<u>2,310,936</u>

Source: Colorado Department of Labor and Employment

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Set forth in the following table are the estimated largest private sector employers in Colorado in 2008. No independent investigation has been made of and no representation is made herein as to the financial condition of the employers listed below or the likelihood that such employers will maintain their status as major employers in the State or changes in their estimated number of employees since compilation of data for the table. It is possible that there are other large employers in the State that are not included in the table.

Estimated Largest Private Sector Employers in Colorado – 2008

<u>Employer</u>	<u>Type of Business</u>	<u>Estimated Employees⁽¹⁾</u>
Wal-Mart	Discount Stores	25,674
Dillon Companies (King Soopers/City Market)	Supermarkets	17,965
Centura Health	Health Care	13,000
Safeway Stores	Supermarkets	10,795
HCA-HealthONE	Health Care	9,600
Qwest Corporation	Telecommunications	9,055
Target Corporation	Discount Retailer	7,500
Exempla Healthcare	Hospital	7,092
Wells Fargo	Banking/Financial Services	6,000
University of Denver	Private University	5,989
United Airlines	Air Transportation	5,400
Kaiser Foundation Health Plan	Health Maintenance Organization	5,285
United Parcel Service	Delivery Services	4,910
International Business Machines Corp	Computers	4,750
Ecosphere	Satellite Television	4,519
Comcast Mo Group	Cable Service Provider	4,500
Frontier Airlines	Air Transportation	4,500
Lockheed Martin Space Systems	Aerospace and Defense	4,500
Molson Coors Brewing	Brewery	4,100
Xcel Energy	Utility	3,853
Ball Corporation	Containers, Aerospace	3,800
University of Colorado Hospital	Hospital	3,688
Children's Hospital Association	Hospital	3,422
Albertson's	Supermarkets	2,800
Sun Microsystems	Computers	2,593

(1) Figures include full-time and part-time employees.

Source: Colorado Department of Labor and Employment

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Set forth in the following table are the estimated largest public sector employers in Colorado in 2008.

Estimated Largest Public Sector Employers in Colorado – 2008

<u>Employer</u>	<u>Estimated Employees</u> ⁽¹⁾
Federal Government	35,141
State of Colorado	33,000
University of Colorado System	28,089
City and County of Denver	13,081
Jefferson County Public Schools	12,122
Denver Public Schools	11,324
US Postal Service	11,169
Cherry Creek School District No. 5	9,167
Douglas County School District RE-1	7,362
Colorado State University	6,900
Denver Health	4,880
Adams 12 Five Star Schools	4,868
Colorado Springs Memorial Hospital	4,800
Aurora Public Schools	4,744
Poudre School District R-1	4,100
Boulder Valley School District RE-2	3,964
Colorado Springs School District 11	3,915
City of Aurora	3,868
St. Vrain Valley School District RE-1J	3,550
Mesa County Valley School District 51	3,380
Colorado Springs	2,840
Jefferson County	2,693
Academy School District #20	2,554
Thompson School District R2J	2,534
Pueblo School District #60	2,450
Regional Transportation District (RTD)	2,407
Greeley School District 6	2,380
Littleton Public Schools	2,102
Arapahoe County	1,953

(1) Figures include full-time and part-time employees.

Source: Colorado Department of Labor and Employment

Retail Sales

Set forth below are recent annual sales figures for Colorado as reported for State sales tax purposes.

Colorado Retail Sales
(Dollar amounts in billions)

<u>Year</u>	<u>Gross Sales</u>		<u>Retail Sales</u>	
	<u>Amount</u>	<u>% Change</u>	<u>Amount</u>	<u>% Change</u>
2004	\$152.571	--	\$114.281	--
2005	164.998	8.1%	122.907	7.5%
2006	184.677	11.9	133.531	8.6
2007	202.478	9.6	148.673	11.3
2008	211.215	4.3	152.748	2.7

Source: Colorado Department of Revenue

The following table sets forth State retail sales figures by industry for the past five years.

Colorado Retail Sales by Industry⁽¹⁾

(Dollar amounts in millions)

	<u>2004</u>		<u>2005⁽²⁾</u>		<u>2006⁽²⁾</u>		<u>2007⁽²⁾</u>		<u>2008⁽²⁾</u>	
	<u>Amount</u>	<u>% Change</u>	<u>Amount</u>	<u>% Change</u>	<u>Amount</u>	<u>% Change</u>	<u>Amount</u>	<u>% Change</u>	<u>Amount</u>	<u>% Change</u>
Agriculture, Forestry and Fisheries	\$ 164.8	15.6%	\$ 173.3	5.2%	\$ 298.9	72.4%	\$ 341.1	14.1%	\$ 305.9	(10.3)%
Mining	990.6	48.0	1,399.7	41.3	2,102.1	50.2	2,842.6	35.2	3,382.6	19.0
Public Utilities	4,678.8	16.5	5,840.0	24.8	5,454.5	(6.6)	6,300.1	15.5	7,068.4	12.2
Construction Trades	2,548.1	6.0	2,679.4	5.2	3,261.2	21.7	3,677.9	12.8	3,770.6	2.5
Manufacturing	7,356.0	15.0	8,383.1	14.0	10,056.9	20.0	11,351.3	12.9	11,877.7	4.6
Wholesale Trade	9,487.8	19.7	11,110.7	17.1	12,393.6	11.5	14,552.6	17.4	14,475.6	(0.5)
Retail Trade:										
Motor Vehicles and Auto Parts	13,976.8	2.1	13,591.8	(2.8)	13,263.3	(2.4)	14,135.1	6.6	12,133.0	(14.2)
Furniture and Home Furnishings	2,328.4	9.9	2,381.3	2.3	2,486.9	4.4	2,577.3	3.6	2,353.2	(8.7)
Electronics and Appliance Stores	1,874.6	5.7	1,911.1	1.9	2,068.1	8.2	2,306.3	11.5	2,244.0	(2.7)
Building Materials/Improvement/Nurseries	4,961.7	15.1	5,582.4	12.5	5,822.1	4.3	5,786.2	(0.6)	5,307.7	(8.3)
Food & Beverage Stores	9,835.8	2.3	10,428.7	6.0	11,067.5	6.1	12,090.8	9.2	12,930.8	6.9
Health/Personal Care Stores	1,725.0	19.3	1,733.4	0.5	1,984.1	14.5	2,139.2	7.8	2,263.3	5.8
Service Stations	3,579.7	16.6	4,328.6	20.9	4,886.1	12.9	5,210.3	6.6	5,766.9	10.7
Clothing/Accessory Stores	2,600.9	6.9	2,587.6	(0.5)	2,878.3	11.2	3,189.8	10.8	3,103.9	(2.7)
Sporting Goods/Hobby/Book/Music Stores	2,295.7	2.1	2,383.1	3.8	2,542.9	6.7	2,694.5	6.0	2,593.4	(3.8)
General Merchandisers/Warehouse Stores	9,125.9	7.1	9,803.5	7.4	10,300.0	5.1	10,992.3	6.7	11,334.9	3.1
Miscellaneous Stores	2,193.0	(6.9)	2,388.5	8.9	2,416.0	1.2	2,459.7	1.8	2,364.4	(3.9)
Non-Store Retailers	1,380.2	15.2	1,535.5	11.3	2,002.9	30.4	3,709.8	85.2	4,299.8	15.9
Total Retail Trade	55,877.8	5.9	58,655	5.0	61,718	5.2	67,291.3	9.0	66,695.2	(0.9)
Transportation and Warehousing	703.3	25.6	789.8	12.3	887.0	12.3	829.4	(6.5)	760.4	(8.3)
Information Producers/Distributors	5,164.3	(2.6)	5,691.5	10.2	5,798.9	1.9	6,241.8	7.6	6,879.8	10.2
Finance and Insurance	1,013.7	(4.8)	1,368.5	35.0	1,994.2	45.7	2,293.6	15.0	2,964.8	29.3
Real Estate, Rental and Leasing Services	2,822.8	3.2	3,027.9	7.3	3,391.7	12.0	3,647.4	7.5	3,615.4	(0.9)
Professional, Scientific and Technical Services	6,367.3	14.2	5,501.3	(13.6)	5,987.3	8.8	6,622.2	10.6	6,912.9	4.4
Business, Administrative, Support, Waste/ Remediation Services	1,286.2	11.9	1,402.2	9.0	1,445.9	3.1	1,739.8	20.3	1,955.6	12.4
Educational Services	262.7	20.5	329.2	25.3	389.6	18.3	424.9	9.1	461.6	8.6
Health Care and Social Assistance Services	3,019.2	6.2	3,267.2	8.2	3,566.1	9.2	4,472.0	25.4	5,274.6	17.9
Arts, Entertainment and Recreation Services	713.1	1.1	771.3	8.2	889.9	15.4	955.3	7.3	971.8	1.7
Hotel and Other Accommodation Services	2,103.5	3.8	2,271.5	8.0	2,602.1	14.6	2,905.3	11.7	3,035.1	4.5
Food and Drinking Services	6,470.3	9.2	6,745.6	4.3	7,456.2	10.5	8,052.3	8.0	8,264.9	2.6
Other Personal Services	2,975.6	8.7	3,145.6	5.7	3,480.2	10.6	3,826.0	9.9	3,825.2	(0.0)
Government Services	274.9	9.0	354.4	28.9	356.8	0.7	306.4	(14.1)	249.7	(18.5)
	\$114,280.8	8.4%	\$122,907.6	7.5%	\$133,531.3	8.6%	\$148,673.2	11.3%	\$152,747.7	2.7%

(1) Does not reflect all sales due to data suppressed to protect the confidentiality of employers, and therefore may not accurately estimate the increase or decrease in sales in certain years.

(2) The percentages represent the change from the previous year retail figures.

Source: State of Colorado Department of Revenue

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Tourism

The following table presents information on tourism in the State as reflected in visits to National Park Service territories in Colorado and Colorado ski areas, as well as statistics regarding conventions in the Denver area.

Colorado Tourism Statistics

Year	National Parks Visits		Conventions ⁽¹⁾						Skier Visits ⁽²⁾	
	Number (Millions)	% Change	Conventions		Delegates		Spending		Number (Millions)	% Change
			Number	%	Number (Thousands)	%	Amount (Millions)	% Change		
2004	5.98	--	30	--	114.5	--	\$181.6	--	11.25	--
2005	5.99	0.2%	40	33.3%	153.4	34.0%	305.7	68.3%	11.82	5.0%
2006	5.90	(1.5)	55	37.5	180.2	17.5	358.9	17.4	12.53	6.1
2007	5.66	(4.1)	75	36.4	215.4	19.5	429.1	19.5	12.57	0.3
2008	5.44	(3.9)	75	--	293.4	36.2	Not available		12.54	(0.2)

(1) Includes only those conventions held at the Colorado Convention Center.

(2) Data for skier visits reflects the number of visits in the ski season ending in the referenced year.

Source: Colorado Office of Economic Development & International Trade, Colorado Tourism Office, National Parks Service, Denver Metropolitan Convention & Visitors Bureau, Downtown Denver, Inc., and Colorado Ski Country USA

Residential Housing Starts

The following table sets forth a five-year history of residential building permit issuances for the State.

New Privately Owned Housing Units Authorized in Colorado

Year	1 Unit	2 Units	3 and 4 Units	5+ Units	Total Building Permits ⁽¹⁾	% Change
2004	40,753	434	744	4,568	46,499	--
2005	40,140	580	653	4,518	45,891	(1.3)%
2006	30,365	654	563	6,761	38,343	(16.4)
2007	20,516	448	411	8,079	29,454	(23.2)
2008	11,147	290	181	7,380	18,998	(35.5)

(1) Includes permits for structures with one or multiple units.

Source: U.S. Department of Commerce, Bureau of the Census

Residential Foreclosures

The following are recent foreclosure statistics for Colorado. The foreclosure "filing" is the event that begins the foreclosure process. In general, when a borrower is at least three months delinquent and in default, the borrower will receive a "notice of election and demand" from the Public Trustee of the county in which the property is located. At this point, the property is in foreclosure. A foreclosure filing can be "cured" and "withdrawn" before the home is sold at auction, meaning that not all foreclosure filings result in a final foreclosure sale. Approximately 120 days after the initial filing, the property may be sold at the

Public Trustee auction to a third party or to the mortgage company. Once the foreclosure sale takes place, eviction proceedings will proceed during the next several weeks.

The following table sets forth the number of foreclosures filed in Colorado during the time periods shown. Such information only represents the number of foreclosures filed and does not take into account foreclosures which were filed and subsequently redeemed or withdrawn.

Foreclosure Filings and Sales in Colorado

<u>Year</u>	<u>Foreclosure Filings</u>	<u>% Change</u>	<u>Foreclosure Sales at Auction</u>	<u>% Change</u>
2004	16,801	--	7,782	--
2005	21,782	29.6%	12,699	63.2%
2006	28,435	30.5	17,451	37.4
2007	39,915	40.4	25,054	43.6
2008 ⁽¹⁾	39,307	(1.5)	21,306	(15.0)
First Quarter				
2008 ⁽¹⁾⁽²⁾	11,634	--	5,899	--
2009	10,745	(7.6)	4,354	(26.2)

(1) Due to the legal change in the foreclosure process, foreclosure sales of new foreclosures filed during 2008 were not permitted during March and April, and legislation that took effect in August 2008 effectively prevented the issuance of a large number of notices of election and demand. The effect of these changes was to lessen the amount of foreclosure activity that could legally take place during the first, second and third quarters of 2008.

(2) First quarter 2007 information was incomplete and therefore no percentage changes are shown.

Source: Colorado Division of Housing

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APPENDIX H

Forms of Series 2010B-C Certificates

[See Appendix A to 2010B-C Supplemental Indenture attached as **Appendix B** to the Official Statement]