BOARD OF TRUSTEES FOR ADAMS STATE COLLEGE

Notice and Proposed Agenda of Special Meeting

Tuesday, December 1, 2009 – 9:00 a.m.
Richardson Hall, Room 210
Adams State College
Alamosa, Colorado 81102
All times approximate. Some Board members may participate via telephone.
Members of the public may attend and listen to the public proceedings.

I. Call to Order

II. Roll Call

III. Approval of Agenda

IV. Public Comment – Members of the public who desire to address the Board must sign the “Public Comment” sheet prior to the start of the meeting. Public comment will be limited to 3 minutes per individual.

V. Action Items

   A. Approval of Series 2009B and Series 2009C Bond Issuances (Page 2)
   B. Approval of 2 year Capital Construction Cash Spending Authority Request (Page 162)
   C. Approval of Adams State College Solar Project – Phase I (Page 164)

VI. Adjournment
Adams State College
December 1, 2009

TOPIC: Board Resolutions Associated with the 2009B and 2009C Series Bond Issuances

PREPARED BY: Bill Mansheim, Vice President of Finance and Administration

I. SUMMARY

Attached are the legal documents associated with issuance of two series of bonds, Auxiliary Facilities Revenue Refunding Bonds, Series 2009B and the Adams State College, Auxiliary Facilities Revenue Improvement Bonds, Series 2009C. The Series 2009B Bonds are to be issued for the purpose of refinancing our existing 2004A auxiliary revenue bonds, currently outstanding in the amount of $9,380,000. The Series 2009C Build America Bonds are proceeds associated with refinanced dollars made available by reducing the interest rate and extending the term of 2004A series plus student capital fee revenue. Estimated funds available for capital construction contracts are illustrated in the tables below. The projects are described below. It should be noted that this is the second issuance of multiple issuances associated with the student capital fee revenue contemplated over the next five years.

Delegated Authority. Due to fluctuating market conditions in the tax-exempt municipal bond markets, ASC Administration is seeking maximum flexibility heading into the municipal bond market before December 15, 2009. The Administration is considering the financing scenario illustrated in the Analysis section below. To that end, the Administration seeks delegated authority to the Vice President for Finance and Administration of the College and the President of the College to act as the “Board Representatives”, upon consultation with North Slope Capital Advisors, acting as the College’s financial advisor and George K. Baum & Co., acting as underwriter, and within certain parameters set forth herein, the authority to determine whether or not to pursue this bond financing scenario. Provided that the 2009 Refunding Project may only be pursued if the projected annual debt service on the Series 2009B Bonds does not exceed the existing annual debt service plus $240,000, the additional debt service being covered by two contracts entered into by the College plus $40,000 in general fund revenue earmarked in the budget associated with adding additional sports. Anticipated revenue associated with the student capital fee is calculated based on 90% of the College’s historically assumed flat year-to-year enrollment.

Analysis.

Refinance Existing Series 2004A Bonds(Series 2009B) PLUS Issue Series 2009C Build America Bonds funded by Student Capital Fee Revenue

<table>
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<th>Scenario</th>
<th>Series 2009B Tax-Exempt Par Amount</th>
<th>Series 2009C BAB Par Amount</th>
<th>Combined Par Amount</th>
<th>Funds Available for Projects</th>
<th>All-In Cost</th>
<th>Series 2004A Average Annual Net Debt Service</th>
<th>Series 2009 Average Annual Net Debt Service</th>
<th>Increase in Annual Net Debt Service</th>
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<tr>
<td>Auxiliary Fee Revenue Bonds Refunding &amp; Subsequent New Money</td>
<td>$10,365,000</td>
<td>$8,505,000</td>
<td>$18,870,000</td>
<td>$8,400,000</td>
<td>4.23%</td>
<td>$891,796</td>
<td>$1,124,331</td>
<td>$232,535</td>
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<tr>
<td>Capital Construction Fee Revenue Bonds</td>
<td>$0</td>
<td>$20,925,000</td>
<td>$20,925,000</td>
<td>$19,025,000</td>
<td>4.089%</td>
<td>N/A</td>
<td>$1,296,676</td>
<td>N/A</td>
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<tr>
<td>Series 2009 B&amp;C Bond Totals</td>
<td>$10,365,000</td>
<td>$29,430,000</td>
<td>$39,795,000</td>
<td>$27,425,000</td>
<td>4.195%</td>
<td>N/A</td>
<td>$2,395,267</td>
<td>N/A</td>
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Adams State College
December 1, 2009

Agenda Item A
Action

Assumptions:

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<th>Costs of Issuance:</th>
<th>$150,000</th>
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<td>Underwriter's Discount (Tax-Exempt Bonds):</td>
<td>$3.98 / $1,000</td>
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<tr>
<td>Underwriter's Discount (BABs &amp; RZEDBs):</td>
<td>$7.50 / $1,000</td>
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<tr>
<td>All-In Cost (AIC):</td>
<td>AIC includes all costs of issuing bonds</td>
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Dated Date: 12/15/2009
First Maturity Date: 5/15/2010
Final Maturity Date: 5/15/2041
Project Completion Date: 11/7/2012
Final Date for Capitalizing Interest & Fees: 11/7/2012
Call Date (Tax-Exempt Bonds): Make Whole

Capital Construction Fee New Money Projects:

| Education and Social Sciences Building | $11,025,000 |
| Music Building | $6,250,000 |
| Parking/Street realignment | 1,750,000 |
| Total | $19,025,000 |

Auxiliary Fee New Money Projects:

| Remodel Coronado Hall (D Wing) & Girault Hall (A Wing) | $4,100,000 |
| Student Residence Campus Green Quad | 1,500,000 |
| Energy Performance Contract Retrofits | 1,400,000 |
| Community Room/Restaurant (Rex Hall) | 700,000 |
| Synthetic Soccer Field | 700,000 |
| Total | $8,400,000 |

Project Descriptions:

- **Education and Social Sciences Building Remodel ($11 million)**
  - Address all current controlled maintenance requirements
    - Replacement of roof systems
    - Exterior skin upgrades for energy efficiency
    - Complete replacement of the HVAC and electrical infrastructure
    - Reprogram department specific classroom and office space to promote more efficient use of space and realign the programs to better meet the future needs of the College.

- **Music Building Remodel ($6.25 Million)**
  - Address all current controlled maintenance requirements
    - Replacement of roof systems
    - Interior Finishes
    - Acoustic Treatments
    - Safety Upgrades
    - Instrument Storage Upgrades
    - Leon Recital Hall
      - Acoustic Treatments, New Seating, New Floor Coverings

- **Parking and Street Improvements ($1.75 Million)**
  - New parking lot at 1st & Richardson Ave
  - New parking lot at El Rio & Stadium
  - Convert Monterey Avenue into two way
  - Modify El Rio & Stadium Drive to accommodate Stadium Drive closure for pedestrian spine

- **Rex Field Residence Hall – Community Room ($700,000)**
  - Designed to be the signature building on North Campus
  - As a regional venue, this unique facility is designed to enhance student life and strengthen ties to the communities of the San Luis Valley
  - In addition to apartments, the building will also include a press box/broadcasting studio, a grill, conferencing/meeting spaces, and soft goods retail area.
  - Multiyear contract with food service vendor provides revenue stream for this project ($100,000/yr. for 15 years)
Other Campus Improvements ($4.1 Million)
  ▪ Refurbish existing on-campus student housing.
    ▪ Interior Finishes
    ▪ Safety and Bathroom Upgrades
  ▪ Energy Savings Upgrades ($1.4 million)
    ▪ funded via energy performance contract
  ▪ Landscaping Upgrades ($1.5 million)
    ▪ Pedestrian spine and North Campus Green
  ▪ Synthetic Competition Soccer Field ($700,000)
    ▪ Funded by new sports initiative

II. RECOMMENDATION

ASC Administration recommends that the Board of Trustees approve the attached resolutions required to initiate and finalize refinancing of the 2004A Series and the second issuance of bond financing associated with the student capital fee by student vote on March 17-20, 2008.

Attachments:

- Attachment 1 - A Second Supplemental Bond Resolution authorizing the issuance of the Series 2009B and Series 2009C bonds.
- Attachment 2 - First draft of the Preliminary Official Statement
CERTIFIED RECORD

OF

PROCEEDINGS OF

THE BOARD OF TRUSTEES

FOR

ADAMS STATE COLLEGE

RELATING TO A SECOND SUPPLEMENTAL BOND RESOLUTION AUTHORIZING THE ISSUANCE OF THE FOLLOWING BONDS PURSUANT TO THE MASTER ENTERPRISE BOND RESOLUTION

The Board of Trustees for Adams State College
(Alamosa, Colorado)
Auxiliary Facilities Revenue Bonds
Series 2009B

The Board of Trustees for Adams State College
(Alamosa, Colorado)
Taxable Auxiliary Facilities Revenue Bonds
(Build America Bonds – Direct Payment to Board)
Series 2009C
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4816-9201-5108.3
SECOND SUPPLEMENTAL RESOLUTION

W I T N E S S E T H:

WHEREAS, the Board of Trustees for Adams State College (the “Board”) has adopted a Master Enterprise Bond Resolution on January 28, 2009 (the “Master Resolution”); and

WHEREAS, this Second Supplemental Resolution is proposed for adoption pursuant to and in accordance with the Master Resolution (the Master Resolution, together with this Second Supplemental Resolution, the “Resolution”); and

WHEREAS, pursuant to Section 23-5-101.5, Colorado Revised Statutes, as amended, any auxiliary facility or group of auxiliary facilities with similar functions which is managed by the governing body of an institution of higher education may be designated as an enterprise for the purpose of Section 20 of Article X of the Colorado Constitution so long as the governing body of the institution of higher education, which manages such auxiliary facility or group of auxiliary facilities, retains the authority to issue revenue bonds on behalf of such auxiliary facility or group of auxiliary facilities and such auxiliary facility or group of auxiliary facilities receive less than 10% of its total annual revenues in grants from all State of Colorado (the “State”) and local governments combined; and

WHEREAS, pursuant to Sections 23-5-101.5, 23-5-102, 23-5-103, 23-5-104 and 23-5-105, Colorado Revised Statutes, as amended (the “Auxiliary Facilities Enterprise Act”), the Board has previously designated certain self-supporting auxiliary facilities and operations (the “Facilities”) of the Adams State College in Alamosa, Colorado (the “College”) as an enterprise (the “Auxiliary Facilities Enterprise”), which designation remains effective as of the date hereof; and

WHEREAS, in accordance with the provisions of the Auxiliary Facilities Enterprise Act, the Board is authorized to issue, from time to time, revenue bonds on behalf of the Auxiliary Facilities Enterprise to finance and refinance the construction, other acquisition, equipping and operation of facilities for the College, including but not limited to, academic, administrative and other facilities determined by the Board to be necessary or desirable for the operation of the College, as well as facilities previously financed or refinanced with revenues from the Auxiliary Facilities Enterprise; and

WHEREAS, pursuant to the Auxiliary Facilities Enterprise Act and a resolution adopted by the Board on February 6, 2004, the Board previously issued the “Board of Trustees of Adams State College, Auxiliary Facilities Enterprise Refunding and Improvement Revenue Bonds, Series 2004A (the “Series 2004A Bonds”) secured by a pledge of certain revenues derived from or in respect to the Facilities of the College, and which are currently outstanding in the aggregate principal amount of $9,380,000; and

WHEREAS, pursuant to Article 56 of Title 11, Colorado Revised Statutes, as amended, cited at the Public Securities Refunding Act (the “Refunding Act”), the Board is authorized to issue bonds for the 2009 Refunding Project for the purpose of reducing the principal and interest payable in particular years, of postponing the maturity of such obligations to a later date, of
effecting economies, of modifying and eliminating restrictive contractual limitations, or any combination thereof; and

WHEREAS, the Board has determined to authorize hereby the issuance of Bonds to be designated the “The Board of Trustees for Adams State College, Auxiliary Facilities Revenue Bonds, Series 2009B” (the “Series 2009B Bonds”), and/or the “The Board of Trustees for Adams State College, Taxable Auxiliary Facilities Bonds (Build America Bonds-Direct Payment to Board), Series 2009C” (the “Series 2009C Bonds,” and together with the Series 2009B Bonds, the “Series 2009 Bonds”), pursuant to this Second Supplemental Resolution for the purposes of (a) advance refunding all of the outstanding Series 2004A Bonds (the “2009 Refunding Project”); (b) financing certain capital improvements to the College campus including the construction, improvement and equipping of (i) campus-wide retrofits of existing buildings for energy performance; (ii) a new multi-use community room for Rex Field Residence Hall, (iii) remodeling of existing on-campus student housing, (iv) a new music hall, (v) a new education and social sciences building, and (vi) other campus improvements (collectively, the “2009 Improvements Project”); (c) paying capitalized interest on the Series 2009 Bonds; (d) reimbursing the College for previously incurred capital expenditures; and (e) paying certain costs relating to the issuance of the Series 2009 Bonds, in accordance with and as provided by the Master Resolution and this Second Supplemental Resolution; and

WHEREAS, the Series 2009 Bonds shall not be issued until after notification to the Colorado Commission on Higher Education of the State; and

WHEREAS, the Board considers its participation in the Higher Education Revenue Bond Intercept Program in accordance with the provisions of Section 23-5-138, Colorado Revised Statutes, as amended, pursuant to which the State Treasurer, on behalf of the Board, shall make payment of principal of and interest on the Series 2009 Bonds under certain circumstances, to be financially advantageous to the College and the pricing of the Series 2009 Bonds; and

WHEREAS, George K. Baum & Company (the “Underwriter”) has submitted a Bond Purchase Agreement for the purchase of the Series 2009 Bonds authorized herein; and

WHEREAS, the Board has determined and hereby declares that:

(a) The issuance by the Board of the Series 2009 Bonds is necessary to finance (i) the 2009 Refunding Project, (ii) the 2009 Improvements Project, (iii) capitalized interest on the Series 2009 Bonds, (iv) reimbursement to the College for previously incurred capital expenditures, and (v) certain costs relating to the issuance of the Series 2009 Bonds, and is in the best interests of the Board and the College.

(b) Each of the requirements imposed by the Auxiliary Facilities Enterprise Act upon the issuance of bonds thereunder has been met.

(c) The Board elects to have all provisions of Section 11-57-201, et seq., Colorado Revised Statutes, as amended (the “Supplemental Public Securities Act”), apply to the issuance of the Series 2009 Bonds; provided, however, that such election shall not operate to modify or limit the rights conferred on the Board by any other provisions of Colorado law.
(d) Pursuant to the Supplemental Public Securities Act, the certificates evidencing the Series 2009 Bonds shall contain a recital that the Series 2009 Bonds are issued pursuant to the Supplemental Public Securities Act. Such recital shall be conclusive evidence of the validity and the regularity of the issuance of the Series 2009 Bonds after their delivery for value.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF TRUSTEES FOR ADAMS STATE COLLEGE:

ARTICLE I

DEFINITIONS

Section 1.01. Definitions. Except as provided below in this Section, all terms which are defined in Section 1.01 of the Master Resolution shall have the same meanings, respectively, in this Second Supplemental Resolution as such terms are given in the Master Resolution. In addition, the following terms shall have the following respective meanings:

“Adverse Tax Event” means any action, event, occurrence or omission that would cause the Series 2009 Bonds issued as BABs Obligations to fail to continue to qualify for treatment as BABs Obligations and as Qualified Build America Bonds under the Code.

“Authorized Denomination” means, with respect to the Series 2009 Bonds, $5,000 and any integral multiple thereof.

“BABs Obligations” means any Series 2009 Bonds issued as “Build America Bonds” (as said term is defined in Code § 54AA(d), which, with respect to the Series 2009 Bonds, shall be determined by the Pricing Delegate, in accordance with the Article hereof titled “Federal Tax Law Matters” and set forth in the Pricing Certificate(s).

“Bond Insurance Policy” means the municipal bond new issue insurance policy issued by the Bond Insurer, if any, that guarantees payment of principal of and interest on all or a portion of the Series 2009 Bonds.

“Bond Insurer” means such municipal bond insurance company, if any, as shall be selected to provide credit enhancement with respect to all or any portion of the Series 2009 Bonds, as designated in the Pricing Certificate.

“Bond Purchase Agreement” means the Bond Purchase Agreement relating to the Series 2009 Bonds between the Board and the Underwriter.

“Build America Bond” shall have the same meaning as set forth in Section 54AA of the Code.

“Code” means the Internal Revenue Code of 1986, as amended, including the regulations, rulings, judicial decisions, memoranda and other guidance promulgated thereunder.

“College” means Adams State College in Alamosa, Colorado.

“Continuing Disclosure Undertaking” means the Continuing Disclosure Undertaking of the Board with respect to the Series 2009 Bonds authorized in Section 2.07 hereof.

“Costs of Issuance” means all costs and expenses incurred by the Board in connection with the issuance of the Series 2009 Bonds, including, but not limited to, costs and expenses of printing and copying documents, the official statement, the Series 2009 Bonds, bond insurance premium, if any, underwriter’s compensation, and the fees, costs and expenses of Rating Agencies, the Series 2009 Paying Agent, the Escrow Agent, counsel, accountants, financial advisors, feasibility consultants and other consultants, subject to any applicable limitations regarding the treatment of any such expenses as Costs of Issuance in the Series 2009 Tax Certificate.


“Escrow Agreement” means the Escrow Agreement dated as of the date of issuance of the Series 2009 Bonds between the Board and the Escrow Agent.

“Favorable Opinion of Bond Counsel” means, with respect to any action relating to the Series 2009 Bonds, the occurrence of which requires such an opinion, an unqualified written legal opinion of Bond Counsel to the effect that such action is permitted under this First Supplemental Resolution and the Master Resolution and (a) will not impair the exclusion of interest on the Series 2009 Bonds issued as Tax Exempt Obligations from gross income for purposes of federal income taxation (subject to the inclusion of any exception contained in the opinion delivered upon the original issuance of such Series 2009 Bonds, including, but not limited to, interest payable to a Bondholder who is a “substantial user” or “related party” within the meaning of Section 147(a) of the Code), or (b) will not impair the federal tax status of any Series 2009 Bond issued as BABs Obligations or as Qualified Build America Bonds for federal tax purposes.

“Federal Direct Payments” means amounts payable by the federal government to the Board, pursuant to the federal Recovery Act, in connection with the Board’s issuance of BABs Obligations, if any, and the election or designation made with respect thereto as contemplated by the Article hereof titled “Federal Tax Law Matters.”


“Interest Payment Date” means (a) each May 15 and November 15, commencing May 15, 2010; and (b) the final maturity date of or any redemption date of each Series 2009 Bonds.

“Issue Date” means the date on which the Series 2009 Bonds are first delivered to the initial purchasers against payment therefor.
“Master Resolution” means the Master Resolution adopted by the Board on January 28, 2009, as amended from time-to-time.


“Participant” means those broker-dealers, banks and other financial institutions for which the Securities Depository holds certificates as securities depository.


“Pricing Certificate” means a certificate executed by the Board Representative and evidencing the determinations made pursuant to Section 3.03(b) of this Second Supplemental Resolution.

“Pricing Date” means the date on which the Pricing Certificate and the Bond Purchase Agreement are executed by the Pricing Delegate.

“Pricing Delegate” means the Chair of the Board or the President of the College.

“Qualified Build America Bonds” means those Series 2009 Bonds issued as BABs Obligations for which the Pricing Delegate has made an irrevocable election pursuant to the parameters of this Second Supplemental Resolution to apply § 54AA(g) of the Code to such BABs Obligations on or before the date of issuance of such BABs Obligations.

“Rating Confirmation” means written confirmation from each Rating Agency that the proposed action or event will not in and of itself result in a reduction or withdrawal in such Rating Agency’s current rating on the Series 2009 Bonds.

“Regular Record Date” means the close of business on the fifteenth day (whether or not a Business Day) of the calendar month next preceding each regularly scheduled Interest Payment Date for the Series 2009 Bonds.

“Representation Letter” means the Blanket Letter of Representations from the Board to DTC currently in effect.

“Resolution” means the Master Resolution as supplemented by this Second Supplemental Resolution.

“Second Supplemental Resolution” means this Second Supplemental Resolution adopted by the Board on December 1, 2009.

“Series 2004A Bonds” or “Refunded Bonds” means the Board of Trustees for Adams State College, Auxiliary Facilities Enterprise Refunding and Improvement Revenue Bonds, Series 2004A issued in the aggregate principal amount of $11,575,000 and currently outstanding in the aggregate principal amount of $9,380,000.

“Series 2004A Escrow Account” means the account created in the Escrow Agreement.
“Series 2009 Bonds” means The Board of Trustees for Adams State College, Auxiliary Facilities Revenue Bonds, Series 2009 being issued pursuant to the Master Resolution and this Second Supplemental Resolution.

“Series 2009 Expense Account” means the account created in Section 5.02(g) hereof.

“Series 2009 Improvements Project Account” means the account created in Section 5.02(a) hereof.

“Series 2009 Rebate Account” means the account of such designation created in Section 5.03 of the Master Resolution.

“Series 2009 Tax Certificate” means that Tax Compliance Certificate, dated the date of issuance of the Series 2009 Bonds, as amended from time to time, entered into by the Board and executed with respect to the Series 2009 Bonds; provided, however, that the Series 2009 Tax Certificate may refer to multiple Tax Compliance Certificates executed in connection with the Series 2009 Bonds.

“State Intercept Act” means Section 23-5-139, Colorado Revised Statutes, as amended.

“State Intercept Program” means the Higher Education Revenue Bond Intercept Program, established pursuant the State Intercept Act.

“State Treasurer” means the Treasurer of the State.

“2009 Improvements Project” means the financing of certain Improvements Projects as determined by the Board, including but not limited to constructing, improving and equipping, of (a) campus-wide retrofits of existing buildings for energy performance, (b) a new multi-use community room for Rex Field Resident Hall, (c) remodeling of existing on-campus student housing, (d) a new music hall, (e) a new education and social science building, and (f) such other capital projects as may be designated by the Board and financed with proceeds of the Series 2009 Bonds.

“2009 Paying Agency Agreement” means the Paying Agency, Transfer Agency and Bond Registrar Agreement dated as of the Issue Date between the Board and the 2009 Paying Agent.


“2009 Refunding Project” means the advance refunding of all of the outstanding Series 2004A Bonds.

“2009 Registrar” means the 2009 Paying Agent acting as agent of the Board for the registration of the Series 2009 Bonds, and any successor thereto.

“Taxable Obligation” means any Series 2009 Bonds the interest on which is not excludable from gross income of the holder thereof for federal income tax purposes, which, with
respect to the Series 2009 Bonds, shall be determined by the Pricing Delegate, in accordance with the Article hereof titled “Federal Tax Law Matters” and set forth in the Pricing Certificate(s). BABs Obligations shall constitute Taxable Obligations.

“Tax Exempt Obligation” means any Series 2009 Bonds the interest on which is excludable from gross income of the holder thereof for federal income tax purposes, which, with respect to the Series 2009 Bonds, shall be determined by the Pricing Delegate, in accordance with the Section hereof titled “Federal Tax Law Matters” and set forth in the Pricing Certificate(s).

“Underwriter” means George K. Baum & Company.

Section 1.02. Construction. This Second Supplemental Resolution shall be construed as follows:

(a) The captions herein are for convenience only and in no way define, limit or describe the scope or intent of any provisions hereof.

(b) Any Series 2009 Bond held by the Board shall not be deemed to be Outstanding for the purpose of redemption, for the purpose of consents hereunder or for any other purpose.

Section 1.03. Successors. All of the covenants, stipulations, obligations and agreements by or on behalf of and any other provisions for the benefit of the College or the Board set forth in the Resolution shall bind and inure to the benefit of any successors thereof and shall bind and inure to the benefit of any officer, board, district, commission, authority, agent, enterprise or instrumentality to whom or to which there shall be transferred by or in accordance with law any right, power or duty of the College or the Board or of their respective successors, if any, the possession of which is necessary or appropriate in order to comply with any such covenants, stipulations, obligations, agreements, or other provisions hereof.

Section 1.04. Parties Interested Herein. Except as otherwise expressly provided in the Resolution, nothing expressed or implied in the Resolution is intended or shall be construed to confer upon or to give to any Person, other than the College, the Board, the 2009 Paying Agent and the owners from time-to-time of the Series 2009 Bonds, any right, remedy or claim under or by reason hereof or any covenant, condition or stipulation hereof. All the covenants, stipulations, promises and agreements set forth herein by and on behalf of the College shall be for the sole and exclusive benefit of the College, the Board, the 2009 Paying Agent and the owners from time-to-time of the Series 2009 Bonds.

Section 1.05. Ratification. All action heretofore taken (not inconsistent with the provisions of the Resolution) by the officers of the Board and the College directed toward the 2009 Improvements Project and the issuance, sale and delivery of the Series 2009 Bonds for that purpose, be, and the same hereby is, ratified, approved and confirmed, including, without limitation, the sale of the Series 2009 Bonds as provided in the Bond Purchase Agreement and the preparation and distribution of the Preliminary Official Statement and final Official Statement in connection therewith.
Section 1.06. **Resolution Irrepealable.** After any Series 2009 Bonds are issued, the Resolution shall constitute an irrevocable contract between the Board and owners of the Series 2009 Bonds; and the Resolution shall be and remain irrepealable until the Series 2009 Bonds and the interest thereon shall be fully paid, as herein provided.

Section 1.07. **Repealer.** All Bylaws, orders and resolutions, or parts thereof, inconsistent herewith are hereby repealed to the extent only of such inconsistency. This repealer shall not be construed to revive any Bylaw, order, resolution or part thereof, heretofore repealed.

Section 1.08. **Severability.** If any provision of the Resolution shall be held invalid or unenforceable, such holding shall not affect any other provisions hereof.

Section 1.09. **Effective Date.** This Second Supplemental Resolution shall become effective immediately upon its passage.

**ARTICLE II**

**AUTHORIZATION OF 2009 REFUNDING PROJECT, 2009 IMPROVEMENTS PROJECT AND CERTAIN RELATED DOCUMENTS**

Section 2.01. **Authority for Resolution.** The Resolution is adopted by virtue of the plenary powers of the Board as a constitutionally established body corporate under Article VIII, Section 5 of the constitution of the State and Title 23, Article 52, Colorado Revised Statutes, as amended, and under the particular authority of the Institutional Enterprise Statute, the Auxiliary Facilities Enterprise Act, the Refunding Act and the Supplemental Public Securities Act. The Board has ascertained and hereby determines that each matter and thing as to which provision is made herein is necessary in order to carry out and effectuate the purposes of the Board in accordance with such powers and authority.

Section 2.02. **Necessity of the 2009 Refunding Project, the 2009 Improvements Project and the Series 2009 Bonds.** It is necessary and for the best interests of the Board and the College that the Board undertake the 2009 Refunding Project and the 2009 Improvements Project as herein authorized and obtain funds therefor by issuing the Series 2009 Bonds; and the Board hereby so determines and declares.

Section 2.03. **Authorization of the 2009 Refunding Project and the 2009 Improvements Project.** The Board hereby determines to undertake the 2009 Refunding Project and the 2009 Improvements Project pursuant to the Institutional Enterprise Statute, the Auxiliary Facilities Enterprise Act, the Refunding Act and the Supplemental Public Securities Act, and further determines that all requirements and limitations of such statutes have been met.

In addition, the Board hereby determines that (i) the limitations and requirements imposed by the Resolution for the issuance of Bonds have been met, and (ii) the 2009 Refunding Project and the 2009 Improvements Project are hereby authorized.

Section 2.04. **Provision for Sale of Series 2009 Bonds; Approval of Bond Purchase Agreement.** The Board Representative and the officers of the Board, or any of them, are hereby authorized, for and on behalf of the Board, to accept and execute the Bond Purchase Agreement
submitted by the Underwriter for the purchase of the Series 2009 Bonds, in substantially the
form filed with the Board following the adoption of this Second Supplemental Resolution,
bearing interest at the rates therein designated and otherwise upon the terms and conditions
provided in this Second Supplemental Resolution, the Pricing Certificate and such Bond
Purchase Agreement.

Section 2.05. Execution of 2009 Paying Agency Agreement and Escrow Agreement.
The appropriate officers of the Board, as designated herein, are hereby authorized to execute the
2009 Paying Agency Agreement and the Escrow Agreement on behalf of and in the name of the
Board, in substantially the form filed with the Board following the date of adoption of this
Second Supplemental Resolution.

Section 2.06. Approval and Use of Preliminary Official Statement and Official
Statement; Rule 15c2-12; Continuing Disclosure Undertaking. The distribution and use of a
Preliminary Official Statement relating to the Series 2009 Bonds, in substantially the form filed
with the Board on the date of adoption of this Second Supplemental Resolution, is hereby
approved. The Chair of the Board is hereby authorized, directed and empowered to determine
when such Preliminary Official Statement may be deemed final within the meaning of Securities
and Exchange Rule 15c2-12, subject to permitted omissions, and thereupon to give a certificate
to such effect. The Chair of the Board is hereby authorized to execute and deliver the final
Official Statement relating to the Series 2009 Bonds and the Underwriter may thereafter
distribute the same. The appropriate officers of the Board and the College are hereby authorized
to complete and execute the Continuing Disclosure Undertaking on behalf of and in the name of
the Board, in substantially the form attached to the Preliminary Official Statement.

Section 2.07. Bond Insurance. In the event that it is determined to obtain a Bond
Insurance Policy insuring the payment when due of the principal of and interest on all or a
portion of the Series 2009 Bonds, as provided in Section 3.03(b)(ii) hereof and the Pricing
Certificate, the completion, execution and delivery of all documents relating to and required or
necessary in connection with such Bond Insurance Policy by the appropriate officers of the
Board are hereby authorized and approved. To the extent provided therein, the provisions of any
agreement between the Board and the Bond Insurer, as contemplated in this Section 2.07, shall
be deemed to be incorporated in this Second Supplemental Resolution and shall be enforceable
as if set forth herein.

Section 2.08. Execution of Documents. The following individuals, namely: the Chair
of the Board, the Secretary of the Board, the Vice President for Finance and Administration and
the President of the College (and any other officers authorized by law to act on their behalf in
their absence) are hereby authorized to execute and deliver, as appropriate, the Master
Resolution, this Second Supplemental Resolution, the Bond Purchase Agreement, the Pricing
Certificate, the 2009 Paying Agency Agreement, the Continuing Disclosure Undertaking, the
Official Statement, any documents required in connection with any credit enhancement, and any
other documents or certificates necessary or appropriate to close the sale of the Series 2009 Bond
and all related transactions and to take any action with respect to any matter required to
accomplish the same.
ARTICLE III

AUTHORIZATION AND TERMS OF SERIES 2009 BONDS

Section 3.01. Authorization of Series 2009 Bonds. Pursuant to the provisions of the Master Resolution, there is hereby authorized the borrowing of funds, and to evidence such borrowing there are hereby authorized one or more series of Bonds of the Board designated “The Board of Trustees for Adams State College Auxiliary Facilities Revenue Bonds, Series 2009.” If, in accordance with the Section hereof titled “Federal Tax Law Matters,” the Pricing Delegate shall determine that any series of Series 2009 Bonds shall constitute a BABs Obligation, the title of such series shall further include the following: “(Build America Bonds—Direct Payment to Board).” The final title of any series of Series 2009 Bonds shall be determined by the Pricing Delegate, in accordance with the foregoing, and shall be set forth in the Pricing Certificate.

Section 11-57-204 of the Supplemental Public Securities Act provides that a public entity, including the Board, may elect in an act of issuance to apply all or any of the provisions of the Supplemental Public Securities Act. The Board hereby elects to apply all of the Supplemental Public Securities Act to the Series 2009 Bonds.

The Board shall comply with its obligations under all such documents, instruments and agreements so long as any Bond shall remain Outstanding.

Section 3.02. Purposes. The Series 2009 Bonds are authorized for the purpose of financing the 2009 Refunding Project, the 2009 Improvements Project, funding capitalized interest on the Series 2009 Bonds, reimbursing the College for previously incurred capital expenditures, and paying certain costs of issuance relating to the Series 2009 Bonds, all as more specifically provided in Article V hereof.

Section 3.03. Terms of Series 2009 Bonds Generally.

(a) Registered Form; Numbers and Date. The Series 2009 Bonds shall be issued in fully registered form and shall be numbered from one upward in consecutive numerical order preceded by the letter “R” and the applicable Series designation prefixed to the number. The registered Owner of all Series 2009 Bonds shall be a Securities Depository in accordance with the Master Resolution. The Series 2009 Bonds shall be dated the Issue Date.

(b) Principal Amounts; Maturities; Interest Rates. The Series 2009 Bonds shall mature, subject to the right of prior redemption as provided in Article IV hereof, on the dates and in the aggregate principal amounts, and shall bear interest, payable on each Interest Payment Date, as provided below:

(i) Generally. The Series 2009 Bonds shall be issued in a maximum principal amount of $42,000,000, shall bear interest at a rate or rates resulting in a true interest cost not exceeding 5.00% (net of the Federal Direct payments), shall mature as term bonds or serial bonds, or both, not later than May 15, 2041 and the Underwriter’s discount relating to the Series 2009 Bonds shall not exceed 0.75% of the aggregate principal amount thereof.
(ii) **Pricing Delegation.** The Board Representative is hereby authorized, without further approval of the Board, to determine in conformity with the standards set forth in this Second Supplemental Resolution and after the Series 2009 Bonds have been priced in the market: (A) whether the Series 2009 Bonds will be issued in one or more series; (B) the title of the Series 2009 Bonds; (C) the principal amount of each Series of the Series 2009 Bonds; (D) the coupon interest rate or rates on the Series 2009 Bonds; (E) the maturity or maturities of the Series 2009 Bonds (any of which may include Series 2009 Bonds bearing different interest rates) and the amount and date of any mandatory sinking fund redemption; (F) provisions for the optional or extraordinary redemption of any or all of the Series 2009 Bonds prior to maturity; (G) to the extent the terms thereof shall be determined by the Board Representative to be financially advantageous to the College and the pricing of the Series 2009 Bonds, the selection of a Bond Insurer to provide a Bond Insurance Policy insuring the payment when due of the principal of and interest on all or a portion of the Series 2009 Bonds; (H) the purchase price of the Series 2009 Bonds; and (I) whether the Series 2009 Bonds will constitute Tax Exempt Obligations, Taxable Obligations, and/or BABs Obligations, and the other matters set forth in the Section hereof title “Federal Tax Law Matters;” all as may be necessary to effect the 2009 Refunding Project or the 2009 Improvements Project in a manner consistent with this Second Supplemental Resolution, including the estimated true interest cost of the Series 2009 Bonds and the Underwriter’s discount relating to the Series 2009 Bonds. The determinations described herein shall be evidenced by a Pricing Certificate filed with the Board, and except as otherwise expressly provided herein or in the Master Resolution, the terms of the Series 2009 Bonds shall be as set forth in the Pricing Certificate.

(c) The authority delegated to the Pricing Delegate by this Section shall be subject to the following parameters:

(i) in no event shall the Pricing Delegate be authorized to execute the Pricing Certificate after the date that is one year after the date of adoption of this Resolution and in no event may the Series 2009 Bonds be issued after such date, absent further authorization by the Board;

(ii) the aggregate principal amount of each series of the Series 2009 Bonds (including all series of Series 2009 Bonds) shall not exceed the parameters set forth in subsection (b) of this Section;

(iii) any Series 2009 Bonds issued as a BABs Obligation shall in no event be issued at an issue price (as defined in the applicable provisions of the Code) having an amount of premium over the stated principal amount of any such Series 2009 Bonds issued as BABs Obligations in excess of one-quarter of one percent of the stated redemption price at maturity of such BABs Obligation, multiplied by the lesser of (A) the number of complete years to maturity of such Series 2009 Bond issued as a BABs Obligation, (B) the weighted average maturity of such Series 2009 Bond issued as a BABs Obligation or (C) the
number of complete years to the first optional call date of any Series 2009 Bond issued as a BABs Obligation; provided, further, that the limitation set forth in this Section 3.03(c)(iii) shall apply to each Series 2009 Bond issued as a BABs Obligation individually;

(iv) the final maturity of each series of the Series 2009 Bonds shall not exceed the parameters set forth in subsection (b) of this Section; and

(v) the net effective interest rate on each series of the Series 2009 Bonds shall not exceed the parameters set forth in subsection (b) of this Section (and provided that if the Series 2009 Bonds are issued in more than one series, such net effective interest rate limitation shall apply separately to each series).

(d) **Authorized Denominations.** The Series 2009 Bonds shall be issued in Authorized Denominations.

(e) **Computation of Interest.** Each Series 2009 Bond shall bear interest at the applicable rate in accordance with Section 3.03(b) hereof, (i) from the date of authentication, if authenticated on an Interest Payment Date to which interest has been paid or duly provided for; or (ii) from the last preceding Interest Payment Date to which interest has been paid or duly provided for (or the Issue Date if no interest thereon has been paid or duly provided for) in all other cases. The amount of interest so payable on Series 2009 Bonds on any Interest Payment Date shall be computed on the basis of a 360-day year of twelve 30-day months.


Section 3.04. **Payment of Bond Requirements.**

(a) **Principal and Final Interest.** The principal or Redemption Price of and the final interest payment on any Series 2009 Bond shall be payable to the owner thereof as shown on the registration books maintained by the 2009 Registrar upon maturity or prior redemption thereof and upon presentation and surrender at the principal office of the 2009 Paying Agent. If any Series 2009 Bond shall not be paid upon such presentation and surrender at or after maturity, it shall continue to draw interest (but without compounding of interest) at the rate borne by it until the principal thereof is paid in full.

(b) **Interest.** The interest due on any Series 2009 Bond on any Interest Payment Date, other than the final interest payment thereon, shall be paid to the owner thereof, as shown on the registration books kept by the 2009 Registrar at the close of business on the Regular Record Date. Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the owner of such Series 2009 Bond on the Regular Record Date and shall be payable to the person who is the owner of such Series 2009 Bond at the close of business on a Special Record Date for the payment of any such defaulted interest. Such Special Record Date shall be fixed in accordance with Section 3.10 of the Master Resolution.
(c) **Payment of Interest.** All payments of interest (other than the final interest payment) on any Series 2009 Bond shall be paid to the person entitled thereto pursuant to Section 3.04(b) hereof by electronic payment on the Interest Payment Date or by check mailed on the Interest Payment Date to his or her address as it appears on the registration books kept by the 2009 Registrar (or, in the case of defaulted interest, the date selected by the 2009 Registrar for the payment of such defaulted interest), or, at the option of any owner of $1,000,000 or more in principal amount of Series 2009 Bonds, by wire transfer on such date to a bank within the continental United States as directed by such owner.

(d) **State Intercept Program.** The payment of the principal of and interest on the Series 2009 Bonds is secured pursuant to the State Intercept Program. The Board hereby represents that the Series 2009 Bonds qualify for the State Intercept Program because the Series 2009 Bonds satisfy the following provisions of the State Intercept Program:

(i) the maximum total annual debt service payments of the Series 2009 Bonds, and any other bonds of the College to which the State Intercept Program applies, are one hundred percent (100%) or less of the College’s prior year fee-for-service contract revenue; and

(ii) the pledged revenues for the Series 2009 Bonds include not less than:

(A) the net revenues of auxiliaries;

(B) ten percent (10%) of tuition if the College is an enterprise, as defined in Section 24-77-102(3), Colorado Revised statutes, as amended;

(C) indirect cost recovery revenues, if any;

(D) facility construction fees designated for bond repayment, if any; and

(E) student fees and ancillary revenues currently pledged to existing bondholders.

In accordance with the State Intercept Program, whenever the 2009 Paying Agent has not received a payment on the Series 2009 Bonds on the business day immediately prior to the date on which such payment is due, the 2009 Paying Agent is required to notify the State Treasurer and the College. The State Treasurer is then required to contact the College to determine whether the College will make the payment by the date on which it is due. If the College indicates to the State Treasurer that it will not make the payment on the Series 2009 Bonds by the date on which it is due, or if the State Treasurer cannot contact the College, the State Treasurer is required to forward to the 2009 Paying Agent, in immediately available funds of the State, the amount necessary to make the payment of the principal of and interest on the Series 2009 Bonds.
If the State Treasurer makes a payment on Series 2009 Bonds under the State Intercept Act, he or she is to recover the amount forwarded by withholding amounts from the College’s payments of the State’s fee-for-service contract with the College, from any other state support for the College and from any unpledged tuition moneys collected by the College. The total amount withheld in a month cannot exceed 1/12 of the annual amount due from the State’s fee-for-service contract with the College for each occasion on which the State Treasurer forwards money to the 2009 Paying Agent. With respect to each payment on Series 2009 Bonds made by the State Treasurer, the State Treasurer cannot withhold for more than twelve consecutive months for each occasion on which the State Treasurer forwards amounts pursuant to the State Intercept Act. While the withholding of fee-for-service payments is limited to twelve consecutive months, the State Intercept Act does not correspondingly limit the State’s contingent obligation to pay the Series 2009 Bonds. The College has the option of making early repayment of all or any portion of an amount forwarded by the State Treasurer for payment on a Series 2009 Bonds.

The State Treasurer is required to notify the State’s Department of Higher Education and General Assembly of amounts withheld and payments made pursuant to the State Intercept Act. If the College has a debt service payment forwarded to the 2009 Paying Agent by the State Treasurer, the College shall not request a supplemental general fund appropriation or budget amendment for the amount forwarded in order to replace withheld fee-for-service revenue.

If the State Treasurer is required to make a payment on Series 2009 Bonds of the College, the State Department of Education is required to initiate an audit of the College to determine the reason for the nonpayment of the Series 2009 Bonds and to assist the College, if necessary, in developing and implementing measures to ensure that future payments will be made when due.

The State has covenanted that it will not repeal, revoke or rescind the provisions of the State Intercept Act or modify or amend the State Intercept Act so as to limit or impair the rights and remedies granted under the State Intercept Act to purchasers of Series 2009 Bonds. The State Intercept Act provides, however, that it will not be deemed or construed to require the State to continue the payment of State assistance to any College or to limit or prohibit the State from repealing, amending or modifying any law relating to the amount of State assistance to Colleges or the manner of payment or the timing thereof. The State Intercept Act further provides that it will not be deemed or construed to create a debt of the State with respect to any Series 2009 Bonds within the meaning of any State constitutional provision or to create any liability except to the extent provided in the State Intercept Act.

The College may adopt a resolution stating that it will not accept on behalf of the College payment of principal and interest as provided in the State Intercept Act. If the College adopts such a resolution, it must be adopted prior to issuance or incurrence of the bonds to which it applies. Following adoption of such a resolution, the College is to provide written notice to the State Treasurer of its refusal to accept payment. The
College may rescind its refusal to accept payment by written notice of such rescission to the State Treasurer.

The Board has not adopted a resolution stating that it will not accept payment from the State Treasurer under the State Intercept Program with respect to the Series 2009 Bonds; consequently, the State Intercept Program applies to the payment of the Series 2009 Bonds and the State Treasurer will make payment of the principal of and interest on the Series 2009 Bonds, if necessary, as described above.

The Board is hereby directed to file with the State Treasurer a copy of this Second Supplemental Resolution, a copy of the Official Statement and the name, address and telephone number of the 2009 Paying Agent.

(e) Application of Excess Net Revenues and Excess Tuition Revenues. In the event that payments of the principal of and interest on the Series 2009 Bonds are made by the State Treasurer pursuant to the provisions of the State Intercept Program, the Board hereby agrees that, to the extent such amounts paid by the State Treasurer have not been recovered by the State Treasurer from the sources set forth in Section 23-5-139(3) of the State Intercept Act, the Board shall, solely from Net Revenues remaining in the System Revenue Account of the Revenue Fund, and, if at such time the Series 2009 Bonds are also secured by Tuition Revenues, Tuition Revenues in the Tuition Account of the Revenue Fund, as described in Section 5.05 of the Master Resolution that the Board has determined are available for such purpose, pay to the State Treasurer an amount equal to the principal and interest payments made by the State Treasurer, less any such amounts previously recovered by or paid to the State Treasurer.

Section 3.05. **Bond Forms.** Subject to the provisions of this Second Supplemental Resolution, the Series 2009 Bonds shall be in substantially the form set forth in Exhibit A hereto, with such omissions, insertions, endorsements and variations as to any recitals of fact or other provisions as may be required by the circumstances, be required or permitted by the Master Resolution, or be consistent with the Master Resolution.

Section 3.06. **State Tax-Exemption.** Pursuant to Section 23-5-105, Colorado Revised Statutes, as amended, the Series 2009 Bonds, their transfer, and the income therefrom shall forever be and remain free and exempt from taxation by the State or any subdivision thereof. Interest on and income from any Series 2009 Bond issued as a BABs Obligation shall be exempt from all taxation and assessments in the State under Section 11-59.7-104(1)(l), Colorado Revised Statutes, as amended, and the Board has not waived, does not waive and will not waive the exemption of the interest on and income from any Series 2009 Bond issued as a BABs Obligation issued pursuant to this Second Supplemental Resolution from taxation and assessments in the State.

Section 3.07. **Book-Entry System.**

(a) Except as provided in subparagraph (c) of this Section, the Registered Owner of all of the Series 2009 Bonds shall be DTC and the Series 2009 Bonds shall be registered in the name of Cede & Co., as nominee for DTC. Payment of principal,
The Series 2009 Bonds shall be initially issued in the form of separate single authenticated fully registered Series 2009 Bonds for each separate stated maturity for the Series 2009 Bonds. Upon initial issuance, the ownership of such Series 2009 Bonds shall be registered in the Bond Register of the 2009 Paying Agent in the name of Cede & Co., as nominee of DTC. The 2009 Paying Agent and the Board may treat DTC (or its nominee) as the sole and exclusive owner of the Series 2009 Bonds registered in its name for the purposes of payment of the principal, purchase price or redemption price of or interest on the Series 2009 Bonds, selecting the Series 2009 Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Bondholders under the Master Resolution or this Second Supplemental Resolution, registering the transfer of Series 2009 Bonds, obtaining any consent or other action to be taken by Bondholders and for all other purposes whatsoever, and neither the 2009 Paying Agent nor the Board shall be affected by any notice to the contrary. Neither the 2009 Paying Agent nor the Board shall have any responsibility or obligation to any Participant, any person claiming a beneficial ownership interest in the Series 2009 Bonds under or through DTC or any Participant, or any other person which is not shown on the Bond Register as being a Bondholder, with respect to the accuracy of any records maintained by DTC or any Participant; the payment by DTC or any Participant of any amount in respect of the principal, purchase price and redemption price, if any, of interest on the Series 2009 Bonds; any notice which is permitted or required to be given to Bondholders under the Master Resolution and this Second Supplemental Resolution; the selection by DTC or any Participant of any person to receive payment in the event of a partial redemption of the Series 2009 Bonds; any consent given or other action taken by DTC as Bondholder or any other purpose. The 2009 Paying Agent shall pay all principal, purchase price and redemption price, if any, of and interest on the Series 2009 Bonds to DTC, and all such payments shall be valid and effective to fully satisfy and discharge the Board’s obligations with respect to the principal, purchase price and redemption price, if any, of and interest on the Series 2009 Bonds to the extent of the sum or sums so paid. No person other than DTC shall receive an authenticated Series 2009 Bond evidencing the obligation of the Board to make payments of principal, purchase price and redemption price, if any, of and interest pursuant to the Master Resolution and this Second Supplemental Resolution. Upon delivery by DTC to the 2009 Paying Agent of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions herein with respect to Regular Record Dates or Special Record Dates, the words “Cede & Co.” in this Second Supplemental Resolution shall refer to such new nominee of DTC.

(c) In the event the Board determines that it is in the best interest of the Beneficial Owners that they be able to obtain Series 2009 Bond certificates, and notifies DTC and the Notice Parties of such determination, then DTC will notify the Participants of the availability through DTC of Series 2009 Bond certificates. In such event, the 2009
Paying Agent shall authenticate and shall transfer and exchange Series 2009 Bond certificates as requested by DTC and any other Bondholders in appropriate amounts. In the event: (i) DTC determines to discontinue providing its services with respect to the Series 2009 Bonds at any time by giving notice to the Notice Parties and discharging its responsibilities with respect thereto under applicable law or (ii) the Board determines that DTC shall no longer so act, and delivers a written certificate to the Notice Parties to that effect, and there is no successor Securities Depository named, the Board and the 2009 Paying Agent shall be obligated to deliver Series 2009 Bond certificates as described in this Second Supplemental Resolution. In the event Series 2009 Bond certificates are issued, the provisions of the Master Resolution and this Second Supplemental Resolution shall apply to, among other things, the transfer and exchange of such certificates and the method of payment of principal, purchase price and redemption price, of and interest on such certificates. Whenever DTC requests the Board and the 2009 Paying Agent to do so, the 2009 Paying Agent and the Board will cooperate with DTC in taking appropriate action after reasonable notice (A) to make available one or more separate certificates evidencing the Series 2009 Bonds to any DTC Participant having Series 2009 Bonds credited to its DTC account or (B) to arrange for another Securities Depository to maintain custody of certificates evidencing the Series 2009 Bonds.

(d) Notwithstanding any other provision of the Master Resolution and this Second Supplemental Resolution to the contrary, so long as any Series 2009 Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to the principal, purchase price and redemption price, if any, of and interest on such Series 2009 Bond and all notices with respect to such Series 2009 Bond shall be made and given, respectively, to DTC as provided in the Representation Letter.

(e) In connection with any notice or other communication to be provided to Bondholders pursuant to the Master Resolution and this Second Supplemental Resolution by the Board or the 2009 Paying Agent with respect to any consent or other action to be taken by Bondholders, the Board or the 2009 Paying Agent, as the case may be, shall establish a record date for such consent or other action and give DTC notice of such record date not less than fifteen (15) calendar days in advance of such record date to the extent possible. Notice to DTC shall be given only when DTC is the sole Bondholder.

NEITHER THE BOARD NOR THE 2009 PAYING AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS WITH RESPECT TO: THE PAYMENT BY DTC, ANY DTC PARTICIPANT OR ANY INDIRECT PARTICIPANT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE SERIES 2009 BONDS; THE PROVIDING OF NOTICE TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS; THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DTC PARTICIPANT OR ANY INDIRECT PARTICIPANT OR ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS OWNER OF THE SERIES 2009 BONDS.

Section 3.08. Transfers Outside Book-Entry System. In the event (a) the Securities Depository determines not to continue to act as securities depository for the Series 2009 Bonds, or (b) the Board determines that the Securities Depository shall no longer so act, and delivers a
written certificate to the Notice Parties to that effect, then the Board will discontinue the book entry system with the Securities Depository. If the Board determines to replace the Securities Depository with another qualified securities depository, the Board shall prepare or direct the preparation of a new, single, separate, fully registered Series 2009 Bond for each of the maturities of the Series 2009 Bonds, registered in the name of such successor or substitute qualified securities depository or its nominee or make such other arrangement acceptable to the Board and the Securities Depository as are not inconsistent with the terms of this Second Supplemental Resolution. If the Board fails to identify another qualified securities depository to replace the Securities Depository, then the Series 2009 Bonds shall no longer be restricted to being registered in the registration books of the 2009 Paying Agent in the name of the Nominee, but shall be registered in such Authorized Denominations and names as the Securities Depository shall designate in accordance with the provisions of this Article III.

Section 3.09. Bond Register. The 2009 Paying Agent shall keep or cause to be kept at its principal corporate trust office sufficient books for the registration of, and registration of transfer of, the Series 2009 Bonds, which Bond Register shall at all times during regular business hours be open to inspection by the Board. Upon presentation for registration of transfer, the 2009 Paying Agent shall, as provided herein and under such reasonable regulations as it may prescribe subject to the provisions hereof, register or register the transfer of the Series 2009 Bonds, or cause the same to be registered or cause the registration of the same to be transferred, on such Bond Register.

ARTICLE IV

REDEMPTION OF SERIES 2009 BONDS

Section 4.01. Optional Redemption. The Series 2009 Bonds shall be subject to optional redemption, if at all, on the dates and in the principal amounts as set forth in the Pricing Certificate.

Section 4.02. Mandatory Sinking Fund Redemption. The Series 2009 Bonds shall be subject to mandatory sinking fund redemption, if at all, on the dates and in the principal amounts as set forth in the Pricing Certificate.

Section 4.03. Extraordinary Optional Redemption of BABs Obligations. If any series of Series 2009 Bonds shall be issued as BABs Obligations, such series shall be subject to redemption, at the option of the Board, upon the modification, amendment or interpretation of Sections 54AA or 6431 of the Code in a manner so as to reduce or eliminate the Board’s entitlement to 35% interest subsidy payments from the United States Treasury in respect to the such series, as to be more specifically set forth in the Pricing Certificate.

Section 4.04. Selection of Series 2009 Bonds for Redemption. If less than all of the Series 2009 Bonds are called for prior redemption hereunder, the selection of the Series 2009 Bonds or portions to be redeemed shall be made as provided in Section 3.06 of the Master Resolution. In the event a portion of any Series 2009 Bond is so redeemed, the 2009 Registrar shall, without charge to the owner of such Series 2009 Bond, authenticate a replacement Series 2009 Bond for the unredeemed portion thereof.
Section 4.05. Redemption Procedures. Except as otherwise provided herein, the Series 2009 Bonds shall be called for prior redemption and shall be paid by the 2009 Paying Agent upon notice as provided in Section 4.06 hereof. The 2009 Registrar shall not be required to transfer or exchange any Series 2009 Bond after notice of the redemption of such Series 2009 Bond has been given (except the unredeemed portion of such Series 2009 Bond, if redeemed in part) or to transfer or exchange any Series 2009 Bond during the period of 15 days next preceding the day such notice is given.

In addition, the 2009 Registrar is hereby authorized to comply with any operational procedures and requirements of the Securities Depository relating to redemption of Series 2009 Bonds and notice thereof. The Board and the 2009 Registrar shall have no responsibility or obligation with respect to the accuracy of the records of the Securities Depository or a nominee therefor or any Participant of such Securities Depository with respect to any ownership interest in the Series 2009 Bonds or the delivery to any Participant, beneficial owner or any other person (except to a registered owner of the Series 2009 Bonds) of any notice with respect to the Series 2009 Bonds, including any notice of redemption.

Section 4.06. Notice of Redemption. The 2009 Registrar shall cause notice of the redemption of the Series 2009 Bonds being redeemed under this Article IV to be given in the form and manner described in Section 3.07 of the Master Resolution not less than 15 days nor more than 60 days prior to the redemption date.

ARTICLE V

ISSUANCE OF SERIES 2009 BONDS AND USE OF SERIES 2009 BOND PROCEEDS

Section 5.01. Series 2009 Bond Preparation, Execution and Delivery. The officers of the Board and the College designated in this Second Supplemental Resolution are hereby authorized and directed to prepare and to execute the Series 2009 Bonds, as herein provided. When the Series 2009 Bonds have been duly executed, the Board Representative shall deliver them to the Underwriter upon receipt of the agreed purchase price.

Section 5.02. Disposition of Series 2009 Bond Proceeds. The proceeds of the Series 2009 Bonds, upon the receipt thereof, shall be deposited promptly with the 2009 Paying Agent or another Insured Bank or Banks designated by the Board, shall be accounted for in the following manner and priority and are hereby pledged therefor:

(a) Series 2004A Escrow Account. First, from the proceeds of the Series 2009 Bonds, there shall be deposited into a separate escrow account, which account shall be created and shall be under the control of the Series 2009 Escrow Agent in accordance with the terms of the Escrow Agreement to be known as “Board of Trustees for Adams State College Auxiliary Facilities Enterprise Refunding and Improvement Revenue Bonds, Series 2004A Escrow Account” (the “Series 2004A Escrow Account”).
(b) **Series 2009 Improvements Project Account.** Second, on the Closing Date, proceeds of the Series 2009 Bonds shall be deposited to the Series 2009 Improvements Project Account, which moneys shall be used by the College to finance the Series 2009 Improvements Project and to pay capitalized interest on the Series 2009 Bonds, subject to the provisions of the Series 2009 Tax Compliance Certificate. In the event any of the Series 2009 Bonds are issued as BABs Obligations, the amount of proceeds from the sale of such BABs Obligations deposited into the Series 2009 Improvements Project Account (and further deposited into any applicable subaccount created within the Series 2009 Improvements Project Account, as set forth in Section 6.01(c) hereof) shall be that amount equal to the proceeds from the sale of the BABs Obligations, less an amount not to exceed two percent (2%) of the proceeds from the sale of such Series 2009 Bonds issued as BABs Obligations, which deducted amount may only be allocated to the Series 2009 Expense Account to pay Costs of Issuance of the BABs Obligations to which such amounts are allocable.

(c) **Series 2009 Expense Account.** Third, from the proceeds of the Series 2009 Bonds, there shall be deposited to the credit of a separate account, hereby created (the “Series 2009 Expense Account”), which Series 2009 Expense Account shall be under the control of the Board, all remaining amounts of proceeds of the Series 2009 Bonds. From such Series 2009 Expense Account, the Board shall be authorized to pay all expenses associated with the issuance of the Series 2009 Bonds, and, except as otherwise paid as provided in Section 5.02(b) hereof, the 2009 Improvements Project. Moneys held in the Series 2009 Expense Account shall be invested and reinvested as directed by the Board in Permitted Investments. Any moneys remaining in the Series 2009 Expense Account six months after the date of issuance of the Series 2009 Bonds shall be transferred to the Series 2009 Improvements Projects Account, and thereafter to the applicable subaccounts of the Series 2009 Improvements Project Account, if any, to pay capital expenditures incurred for the Series 2009 Improvements Project. The amount of proceeds of the Series 2009 Bonds remaining in the Series 2009 Expense Account and deposited into the respective subaccounts established within the Series 2009 Improvements Project Account shall be an amount equal to that portion of the proceeds of the Series 2009 Bonds remaining in the Series 2009 Expense Account allocable to each separate series of Series 2009 Bonds. In no event will the amount of proceeds from the sale of any Series 2009 Bonds issued as BABs Obligations and deposited into the Series 2009 Expense Account exceed two percent (2%) of the proceeds from the sale of any such series of Series 2009 Bonds issued as BABs Obligations.

(d) **Reimbursement to College.** Fourth, an additional amount of Series 2009 Bond Proceeds will be paid to the College to reimburse the College for previous capital expenditures associated with the 2009 Improvements Project.

Section 5.03. **Application of Series 2009 Improvements Project Account.** Any moneys credited to the Series 2009 Improvements Project Account, including any subaccounts established therein, shall be used, without requisition, voucher or other direction or further authority than is herein contained, to finance the Series 2009 Improvements Project. Upon completion of the Series 2009 Improvements Project by the Board and the College in accordance with this Resolution, all money remaining in the Series 2009 Improvements Project Account,
including any subaccounts established therein, allocable to proceeds of Series 2009 Bonds issued as Tax Exempt Obligations may be used for any other lawful capital expenditures of the College or may be transferred to the Series 2009 Interest Account or Series 2009 Principal Account of the Debt Service Fund and used to pay the principal of, premium, if any, or interest on the Series 2009 Bonds. Any moneys remaining in the Series 2009 Improvements Project Account after the completion of the Series 2009 Improvements Project, including any subaccounts established therein, which moneys constitute proceeds of any Series 2009 Bonds issued as BABs Obligations shall not be allocated to expenditures incurred to pay the principal of, premium, if any or interest on any obligation of the Board, the College or any other Person unless the Board shall obtain a Favorable Opinion of Bond Counsel to the effect that allocating any proceeds of any Series 2009 Bonds issued as BABs Obligations to the payment of expenditures other than those allocable to the Series 2009 Improvements Project will not cause or create an Adverse Tax Event with respect to any of the Series 2009 Bonds issued as BABs Obligations.

Section 5.04. Completion of 2009 Improvements Project. Upon completion of the 2009 Improvements Project, the Board Representative shall deliver to the Board a certificate (the “Completion Certificate”) stating that, to the best of the Board Representative’s knowledge based upon the representations of the contractors, architects, engineers, vendors or other consultants, and except for any amounts estimated by the Board Representative to be necessary for payment of any costs of the 2009 Improvements Project not then due and payable as set forth in such certificate, the 2009 Improvements Project have been completed and all costs of the 2009 Improvements Project have been paid. Notwithstanding the foregoing, such certificate shall not, and shall state that it does not, prejudice any rights against third parties which exist at the date of such certificate or which may subsequently come into being.

Section 5.05. Purchaser Not Responsible. The Underwriter, any associate thereof, and any subsequent owner of any Series 2009 Bond shall in no manner be responsible for the application or disposal by the Board or by any officer or any other employee or agent of the Board or the College of the moneys derived from the sale of the Series 2009 Bonds or of any other moneys herein designated.

Section 5.06. Insufficiency of Account. If for any reason the amounts in the Series 2004A Escrow Account shall at any time be insufficient for the purpose of Section 5.02(a) hereof, the Board shall forthwith, from the first moneys legally available therefore, deposit in such account such additional moneys derived from Net Revenues as shall be necessary to permit the payment in full of the principal of, premium, if any, and interest due in connection with the Refunded Bonds, as herein provided and as provided in the Escrow Agreement.

ARTICLE VI

ESTABLISHMENT OF CERTAIN SUBACCOUNTS

Section 6.01. Establishment of Certain Subaccounts. In accordance with Section 5.01 of the Master Resolution, the following funds and accounts are hereby established:
(a) Within the Debt Service Fund, a Series 2009 Interest Account and a Series 2009 Principal Account to be held by the Series 2009 Paying Agent in trust for the benefit of the Bondholders;

(b) The Series 2009 Expense Account to be held by and under the control of the Board;

(c) The Series 2009 Improvements Project Account to be under the control of the Board. In the event that the Series 2009 Bonds are issued in only one series, then the Board shall not be required to establish subaccounts within such Series 2009 Improvements Project Account; provided, however, that in the event that the Series 2009 Bonds are issued in more than one series, separate subaccounts shall be created within the Series 2009 Improvements Project Account in accordance with the following:

(i) A separate subaccount shall be created within the Series 2009 Improvements Project Account for each separate series of Series 2009 Bonds issued as Tax Exempt Obligations, into which shall be deposited amounts received from the sale of each series of the Series 2009 Bonds that are issued as Tax Exempt Obligations, and the amount of such deposit shall be as set forth in the Pricing Certificate;

(ii) A separate subaccount shall be created within the Series 2009 Improvements Project Account for each series of Series 2009 Bonds issued as BABs Obligations, and the amount of proceeds from the sale of any Series 2009 Bonds issued as BABs Obligations shall be as set forth in the Pricing Certificate, subject to the limitations set forth in Section 5.02(b) hereof; and

(iii) In the event that any of the Series 2009 Bonds are issued as Taxable Obligations that do not constitute BABs Obligations, then separate subaccounts shall be established for each such series of Series 2009 Bonds, and the amount of proceeds from the sale of such Series 2009 Bonds shall be as set forth in the Pricing Certificate; and

(d) Within the Rebate Fund, a Series 2009 Rebate Account to be held by and under the control of the Board.

Section 6.02. Debt Service Fund. The Debt Service Fund shall be invested and reinvested as directed by a Board Representative in Permitted Investments. The Series 2009 Paying Agent shall make deposits into the Debt Service Fund as follows:

(a) Series 2009 Interest Account. The Series 2009 Paying Agent shall deposit into the Series 2009 Interest Account amounts received from the Board, as provided in the Master Resolution. The Series 2009 Paying Agent shall also deposit into the Series 2009 Interest Account any other amounts deposited with the Series 2009 Paying Agent for deposit in the Series 2009 Interest Account or transferred from other funds and accounts for deposit therein. Earnings on all other amounts in the Series 2009 Interest Account shall be retained in such sub-account. The Series 2009 Paying Agent shall establish separate sub-accounts in the Series 2009 Interest Account for each source
of deposit (including any investment income thereon) made into the Series 2009 Interest Account so that the Series 2009 Paying Agent may at all times ascertain the date of deposit, the amounts, and the source of the funds in each sub-account.

Except as otherwise provided in this Section, all amounts held at any time in the Series 2009 Interest Account shall be used solely for the payment of interest on the Series 2009 Bonds.

(b) **Series 2009 Principal Account.** The Series 2009 Paying Agent shall deposit into the Series 2009 Principal Account amounts received from the Board, as provided in the Master Resolution. The Series 2009 Paying Agent shall also deposit into the Series 2009 Principal Account any other amounts deposited with the Series 2009 Paying Agent for deposit in the Series 2009 Principal Account or transferred from other funds and accounts for deposit therein. Earnings on all other amounts in the Series 2009 Principal Account shall be retained in such sub-account. The Series 2009 Paying Agent shall establish separate sub-accounts in the Series 2009 Principal Account for each source of deposit (including any investment income thereon) made into the Series 2009 Principal Account so that the Series 2009 Paying Agent may at all times ascertain the date of deposit, the amounts, and the source of the funds in each sub-account.

(c) Except as otherwise provided in this Section, all amounts held at any time in the Series 2009 Principal Account shall be used solely for the payment of principal on the Series 2009 Bonds.

(d) Amounts deposited into the Series 2009 Interest Account or Series 2009 Principal Account representing Federal Direct Payments payable to the Board by reason of the issuance of any Series 2009 Bonds constituting BABs Obligations shall be accounted for within the Series 2009 Interest Account or the Series 2009 Principal Account by being allocated to the payment of the principal of, premium, if any and interest on the BABs Obligations to which such Federal Direct Payments are allocable.

**ARTICLE VII**

**FEDERAL TAX LAW MATTERS**

Section 7.01. **Series 2009 Rebate Account.** The Board hereby agrees that it will execute the Series 2009 Tax Certificate. The 2009 Paying Agent shall establish and maintain the “Series 2009 Rebate Account” within the Rebate Fund which account will be funded if so required under the Series 2009 Tax Certificate and amounts in such Series 2009 Rebate Account shall be held and disbursed in accordance with the Series 2009 Tax Certificate.

The 2009 Paying Agent shall not be responsible for calculating rebate amounts or for the adequacy or correctness or any rebate report or rebate calculations. The 2009 Paying Agent shall be deemed conclusively to have complied with the provisions of this Second Supplemental Resolution and the Series 2009 Tax Certificate regarding calculation and payment of rebate if it follows the directions of the Board and it shall have no independent duty to review such calculations or enforce compliance by the Board with respect to such rebate requirements.
Section 7.02. **Determination of Tax Exempt or Taxable Obligations.** All or any portion of the Series 2009 Bonds is authorized to be issued as a Tax Exempt Obligation or Taxable Obligation. The Board hereby delegates to the Pricing Delegate the authority to determine what, if any, portion of the Series 2009 Bonds shall constitute a Tax Exempt Obligation, and what, if any, portion of the Series 2009 Bonds shall constitute a Taxable Obligation which determinations shall be set forth in the applicable Pricing Certificate(s). To the extent that any portion of the Series 2009 Bonds shall constitute Tax Exempt Obligations, for purposes of ensuring that the interest on the Tax Exempt Obligations is and remains excluded from gross income for federal income tax purposes, the Board makes the covenants set forth in Sections 7.02 through 7.05 of this Article VII. In the event that, as determined by the Pricing Delegate and set forth in the Pricing Certificate(s), no portion of the Series 2009 Bonds constitutes Tax Exempt Obligations, Sections 7.02 through 7.05 of this Article VII shall be of no force or effect.

Section 7.03. **Prohibited Actions.** The Board will not use or permit the use of any proceeds of the Tax Exempt Obligations or any other funds of the Board from whatever source derived, directly or indirectly, to acquire any securities or obligations and shall not take or permit to be taken any other action or actions, which would cause any Tax Exempt Obligations to be an “arbitrage bond” within the meaning of Section 148 of the Code, or would otherwise cause the interest on any Tax Exempt Obligations to be includible in gross income for federal income tax purposes.

Section 7.04. **Affirmative Actions.** The Board will at all times do and perform all acts permitted by law that are necessary in order to assure that interest paid by the Board on the Tax Exempt Obligations shall not be includible in gross income for federal income tax purposes under the Code or any other valid provision of law. In particular, but without limitation, the Board represents, warrants and covenants to comply with the following rules unless it receives an opinion of Bond Counsel stating that such compliance is not necessary: (i) gross proceeds of the Tax Exempt Obligations will not be used in a manner that will cause the Series 2009 Bonds to be considered “private activity bonds” within the meaning of the Code; (ii) the Tax Exempt Obligations are not and will not become directly or indirectly “federally guaranteed”; and (iii) the Board will timely file Internal Revenue Form 8038-G which shall contain the information required to be filed pursuant to Section 149(e) of the Code with respect to the Tax Exempt Obligations.

Section 7.05. **Series 2009 Tax Certificate.** The Board will comply with the Series 2009 Tax Certificate delivered to it on the date of issuance of any Series 2009 Bonds, including but not limited by the provisions of the Series 2009 Tax Certificate regarding the application and investment of proceeds of such Series 2009 Bonds, the calculations, the deposits, the disbursements, the investments and the retention of records described in the Series 2009 Tax Certificate; provided that, in the event the original Series 2009 Tax Certificate is superseded or amended by a new Series 2009 Tax Certificate drafted by, and accompanied by an opinion of Bond Counsel stating that the use of the new Series 2009 Tax Certificate will not cause the interest on such Bonds to become includible in gross income for federal income tax purposes, the Board will thereafter comply with the new Series 2009 Tax Certificate.
Section 7.06. **Determination of Build America Bonds.**

(a) All or any portion of the Series 2009 Bonds designated as a Taxable Obligation is authorized to be issued as a BABs Obligation. Any BABs Obligation issued hereunder shall be a “direct payment” obligation, for which the federal subsidy available under the Federal Recovery Act and the corresponding provisions of the Code shall be payable directly to the Board. The Board hereby delegates to the Pricing Delegate the authority to determine what, if any, portion of the Series 2009 Bonds designated a Taxable Obligation shall constitute a BABs Obligation, which determination shall be set forth in the applicable Pricing Certificate(s). To the extent that any portion of the Series 2009 Bonds shall constitute BABs Obligations, the Board makes the elections, determinations and representations set forth in subsection (b) hereof, and the provisions of Section 7.07 hereof entitled “Additional Provisions Applicable to BABs Obligations” shall apply. In the event that, as determined by the Pricing Delegate and set forth in the Pricing Certificate(s), no portion of the Series 2009 Bonds constitutes BABs Obligations, subsection (b) hereof and Section 6.07 hereof entitled “Additional Provisions Applicable to BAB Obligations” shall be of no force or effect.

(b) The Board hereby irrevocably elects to have Code Section 54AA and Subsection 54AA(g) apply to any portion of the Series 2009 Bonds constituting BABs Obligations, as determined by the Pricing Delegate and set forth in the applicable Pricing Certificate(s). The elections set forth in the immediately preceding sentence shall be and are hereby made on or before the date of issuance of any Taxable Obligation issued as a BABs Obligation. The Pricing Delegate is hereby authorized and directed to take such other action as may be necessary to make effective the elections contained in this subsection, including any necessary modifications to the form of Series 2009 Bond attached as Appendix A hereto, and to cause the federal subsidy payments available in connection with the BABs Obligations in accordance with the Federal Recovery Act and the Colorado Recovery Act to be payable directly to the Board, and to include in the Pricing Certificate any covenants required by a Rating Agency or Credit Facility Provider in connection therewith.

Section 7.07. **Additional Provisions Applicable to BABs Obligations.** The following provisions shall apply, notwithstanding any other provision of this Second Supplemental Resolution, in the event that any portion of the Series 2009 Bonds are designated BABs Obligations.

(a) All BABs Obligations shall be issued in full conformity with the Colorado Recovery Act, and the Pricing Delegate is hereby authorized to take such action and execute such agreement, certificates or other documents as may be necessary to comply with the Colorado Recovery Act.

(b) In accordance with the Colorado Recovery Act, Federal Direct Payments (which are reasonably expected to be received by the Board): (i) shall not be considered in determining any amount payable by the Board on or with respect to BABs Obligations, (ii) for purposes of Section 20 of Article X of the State Constitution, constitute federal funds, are not included in fiscal year spending of the Board, and do not constitute a grant
from any Colorado state or local government; and (iii) shall be netted against and shall be
deemed to reduce the amount of interest on the related BABs Obligation, and all other
amounts payable by the Board on or with respect to such BABs Obligation for purposes
of Section 20 of Article X of the State Constitution and for purposes of applying any
limitation or restriction under the State Constitution, any law of the State, or any
provision of this Second Supplemental Resolution, including but not limited to any
limitation on interest or other amounts payable on or with respect to the related BABs
Obligations, the net effective interest rate and net interest cost on the related BABs
Obligations (including the limitation on net effective interest rate set forth in this Second
Supplemental Resolution), the repayment cost of the related BABs Obligations and the
amount of debt that the Board may incur.

(c) Federal Direct Payments shall constitute Gross Revenues hereunder and
are hereby pledged solely to the payment of Bonds issued under the Master Resolution.
The Board shall promptly deposit all Federal Direct Payments as received into the Debt
Service Fund in accordance with the Master Resolution and such moneys shall be applied
solely to the payment of interest on the Bonds when due; provided, however, that Federal
Direct Payments received into the Debt Service Fund shall be accounted for by being
treated as allocable within the Debt Service Fund to the payment of the principal of,
premium, if any, and interest on BABs Obligations.

(d) With respect to any BAB Obligation issued hereunder, the Board
covenants to timely file Internal Revenue Form 8038-CP in accordance with the
instructions applicable to Internal Revenue Form 8038-CP set forth in the Series 2009
Tax Certificate, any applicable provisions of the Code, and any regulations, rulings,
memoranda or other guidance issued thereunder, including without limitation, IRS Notice

(e) The Board will comply with the Series 2009 Tax Certificate delivered to it
on the date of issuance of any Series 2009 Bonds constituting BABs Obligations,
including but not limited to the provisions of the Series 2009 Tax Certificate regarding
the application and investment of proceeds of such Series 2009 Bonds, the calculations,
the deposits, the disbursements, the investments and the retention of records described in
the Series 2009 Tax Certificate; provided that, in the event the original Series 2009 Tax
Certificate is superseded or amended by a new Series 2009 Tax Certificate drafted by,
and accompanied by an opinion of Bond Counsel stating that the use of the new Series
2009 Tax Certificate will not cause or create the occurrence of an Adverse Tax Event, the
Board will thereafter comply with the new Series 2009 Tax Certificate.

(f) The Board hereby covenants and agrees that it will not refund, refinance
or defease any Series 2009 Bonds issued as BABs Obligations unless it receives a
Favorable Opinion of Bond Counsel to the effect that any such refunding, refinancing or
defeasance will not result in the creation or occurrence of an Adverse Tax Event with
respect to any such Series 2009 Bonds issued as BABs Obligations.
ARTICLE VIII

MISCELLANEOUS

Section 8.01. **Applicability of Master Resolution.** Except as otherwise provided herein, the provisions of the Master Resolution govern the Series 2009 Bonds, the 2009 Improvements Project and the 2009 Refunding Project. The rights, undertakings, covenants, agreements, obligations, warranties and representations of the Board set forth in the Master Resolution shall in respect of the Series 2009 Bonds be deemed the rights, undertakings, covenants, agreements, obligations, warranties and representations of the Board.

Section 8.02. **Severability and Invalid Provisions.** If any one or more of the covenants or agreements provided in this Second Supplemental Resolution on the part of the Board to be performed should be contrary to law, then such covenant or covenants or agreement or agreements shall be deemed severable from the remaining covenants and agreements, and shall in no way affect the validity of the other provisions of this Second Supplemental Resolution.

Section 8.03. **Table of Contents and Section Headings Not Controlling.** The Table of Contents and the headings of the several Articles and Sections of this Second Supplemental Resolution have been prepared for convenience of reference only and shall not control, affect the meaning of, or be taken as an interpretation of any provision of this Second Supplemental Resolution.

Section 8.04. **Effective Date.** This Second Supplemental Resolution shall take effect immediately.
ADOPTED AND APPROVED this 1st day of December, 2009.

BOARD OF TRUSTEES FOR
ADAMS STATE COLLEGE

By ____________________________
Timothy L. Walters
Chair

Attest:

By ____________________________
David P. Svaldi
Secretary

[Signature Page to Second Supplemental Resolution]
EXHIBIT A

FORMS OF SERIES 2009 BONDS

NO. R-__________ $________

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION (“DTC”), TO THE 2009 PAYING AGENT, THE 2009 REGISTRAR OR ANY AGENT THEREOF FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

THE BOARD OF TRUSTEES FOR ADAMS STATE COLLEGE
(ALAMOSA, COLORADO)

[TAXABLE]1 AUXILIARY FACILITIES REVENUE BONDS
[(BUILD AMERICA BONDS—DIRECT PAYMENT TO BOARD)]2
SERIES 2009[B] [C]3

Maturity Date Interest Rate Original Issue Date CUSIP No.

May 15, 20__ _______ ________, 2009 _______

REGISTERED OWNER: Cede & Co.

PRINCIPAL SUM:** __________________________________________________________________DOLLARS**

The Board of Trustees for Adams State College (the “Board”), being a body corporate under the laws of the State of Colorado (the “State”), for value received, hereby promises to pay to the registered owner specified above or registered assigns solely from the special funds

1 Designation of “Taxable” to be included only if, as determined by the Pricing Delegate and set forth in the Pricing Certificate, this Series 2009 Bond constitutes a Taxable Obligation.
2 Designation to be included only if, as determined by the Pricing Delegate and set forth in the Pricing Certificate, this Series 2009 Bond allocates to the Build America Bonds.
3 Designation of “B” and “C” to be included only if the Series 2009 Bonds are to be issued in multiple series, as determined by the Pricing Delegate and set forth in the Pricing Certificate.
provided therefor, the principal amount specified above, on the maturity date specified above (unless called for earlier redemption), and to pay from such special funds interest thereon on May 15 and November 15 of each year (each an “Interest Payment Date”), commencing on [__________] at the interest rate per annum specified above, until the principal sum is paid or payment has been provided. This Series 2009 Bond (as hereinafter defined) will bear interest from the most recent Interest Payment Date to which interest has been paid or provided for, or, if no interest has been paid, from the date of this Series 2009 Bond (as hereinafter defined). The principal of and premium, if any, on this Series 2009 Bond (as hereinafter defined) are payable upon presentation and surrender hereof at the principal office of the Board’s paying agent for the Series 2009 Bonds (as hereinafter defined) (the “2009 Paying Agent”), initially The Bank of New York Mellon Trust Company, N.A., Denver, Colorado. The 2009 Paying Agent’s principal office for such payment shall be in Minneapolis, Minnesota. Interest on this Series 2009 Bond (as hereinafter defined) will be paid on each Interest Payment Date (or, if such Interest Payment Date is not a business day, on the next succeeding business day), by electronic payment or by check or draft mailed to the person in whose name this Series 2009 Bond (as hereinafter defined) is registered (the “registered owner”) in the registration records of the Board maintained by the Board’s registrar for the Series 2009 Bonds (as hereinafter defined) (the “2009 Registrar”), initially The Bank of New York Mellon Trust Company, N.A., Denver, Colorado, and at the address appearing thereon at the close of business on the fifteenth day of the calendar month next preceding such Interest Payment Date (the “Regular Record Date”). Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner hereof at the close of business on the Regular Record Date and shall be payable to the person who is the registered owner thereof at the close of business on a Special Record Date (as described in the resolution of the Board authorizing the issuance of this Series 2009 Bond, as hereinafter defined, for the payment of any defaulted interest. Such Special Record Date shall be fixed by the 2009 Registrar whenever moneys become available for payment of the defaulted interest, and notice of the Special Record Date shall be given to the registered owners of the bonds of the series of which this is one (the “Series 2009 Bonds”) not less than 10 days prior thereto. Alternative means of payment of interest may be used if mutually agreed to between the owner of any Series 2009 Bond and the 2009 Paying Agent, as provided in the Resolution (as hereinafter defined). All such payments shall be made in lawful money of the United States of America without deduction for the services of the 2009 Registrar or the 2009 Paying Agent.

This bond is one of an authorized series of Bonds issued under the hereinafter described Resolution designated The Board of Trustees for Adams State College, [Taxable] Auxiliary Facilities Revenue Bonds [(Build America Bonds—Direct Payment to Board)]

Series 2009[B][C], in the aggregate principal amount of $[__________] (the “Series 2009[B][C] Bonds”). Simultaneously herewith the Board has issued its Board of Trustees for Adams State College [Taxable] Auxiliary Facilities Revenue Bonds [(Build America Bonds—Direct Payment to Board)], Series 2009 [B] [C] Bonds in the aggregate principal amount of $[__________] (the “Series 2009[B] [C] Bonds,” and together with the Series 2009[B] [C] Bonds, the “Series 2009

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4 Designation of “Taxable” to be included in the Series 2009 Bond form only if, as determined by the Pricing Delegate and set forth in the Pricing Certificate, this Series 2009 Bond constitutes a Taxable Obligation.

5 Designation to be included only if, as determined by the Pricing Delegate and set forth in the Pricing Certificate, this Series 2009 Bond is allocable to the Build America Bonds.

6 Designation of “B” and “C” to be included only if the Series 2009 Bonds are to be issued in multiple series, as determined by the Pricing Delegate and set forth in the Pricing Certificate.
Bonds”) for the purpose of (a) advance refunding all of the Board’s outstanding Auxiliary Facilities Enterprise Refunding and Improvement Revenue Bonds, Series 2004A (the “Series 2004A Bonds”); (b) financing the cost of certain capital improvements, including but not limited to constructing, improving and equipping of (i) campus-wide retrofits of existing buildings for energy performance, (ii) a new multi-use community room for Rex Field Residence Hall, (iii) remodeling of existing on-campus student housing, (iv) a new music hall, (v) a new education and social science building, and (vi) such other capital projects as may be designated by the Board and financed with proceeds of the Series 2009 Bonds; (c) funding capitalized interest on the Series 2009 Bonds through __________, 20____; (d) reimbursing the College for previously incurred capital expenditures; and (e) paying costs of issuance associated with the Series 2009 Bonds, in accordance with and as provided by the Master Resolution and the Second Supplemental Resolution.

The Series 2009 Bonds qualify for the Higher Education Revenue Bond Intercept Program (“State Intercept Program”), enacted by the State on June 4, 2008, established pursuant to S.B. 08-245, Section 23-5-139, Colorado Revised Statutes, as amended, and provides for the payment by the State Treasurer of principal of and interest due with respect to revenue bonds issued by state supported institutions of higher education if such an institution will not make the payment by the date on which it is due.

Unless and until the College is designated as an enterprise within the meaning of the Institutional Enterprise Statute, the Series 2009 Bonds will be secured under the Master Resolution solely by the Net Revenues. However, upon any such future designation of the College as an Institutional Enterprise under the Institutional Enterprise Statute, Tuition Revenues will be pledged, without further action by the Board, to the payment of the Series 2009 Bonds then Outstanding, and any Series 2009 Bonds then Outstanding will be deemed to be Institutional Enterprise Revenue Bonds for purposes of the Master Resolution payable on a parity basis with any Institutional Enterprise Revenue Bonds theretofore or thereafter issued from the Institutional Enterprise Revenues.

It is hereby certified that all conditions, acts and things required by the constitution or statutes of the State or the resolutions of the Board or the Master Enterprise Bond Resolution adopted by the Board on January 28, 2009, as supplemented by the Second Supplemental Resolution adopted by the Board on [__________], 2009 (collectively, the “Resolution”) to exist, to have happened and to have been performed precedent to or upon the issuance of the Series 2009 Bonds shall exist, have happened, and have been performed; and the Series 2009 Bonds, together with all other obligations of the Board, shall be within every debt and other limitation prescribed by the State constitution or statutes.

This Series 2009 Bond shall not be valid or obligatory for any purpose until the 2009 Registrar shall have manually signed the certificate of authentication hereon.

The Series 2009 Bonds are issuable solely as fully registered bonds in denominations of $5,000 and integral multiples thereof and are exchangeable for fully registered Series 2009 Bonds of the same maturity in equal aggregate principal amounts and in authorized denominations at the aforesaid office of the 2009 Registrar but only in the manner, subject to the limitations, and on payment of the charges provided in the Resolution.
The 2009 Registrar will not be required to transfer or exchange (a) any Series 2009 Bond subject to redemption during a period beginning at the opening of business 15 days before the day of the mailing by the 2009 Registrar of a notice of prior redemption of Series 2009 Bonds and ending at the close of business on the day of such mailing, or (b) any Series 2009 Bond after the mailing of notice calling such Series 2009 Bond or any portion thereof for prior redemption.

The Series 2009 Bonds maturing on and after May 15, 20[___], are subject to optional redemption prior to their respective maturities, at the option of the Board, in whole or in part, and if in part in such order of maturities as the Board shall determine and by lot within a maturity, on May 15, 20[___], and on any date thereafter, at a redemption price equal to the par amount thereof plus accrued interest, if any, to such redemption date.

The Series 2009 Bonds maturing on May 15, 20[___] are subject to mandatory sinking fund redemption at a redemption price equal to the principal amount thereof plus accrued interest to the redemption date, without premium. The Series 2009 Bonds will be redeemed on the following dates and in the following amounts:

<table>
<thead>
<tr>
<th>Redemption Dates ([May 15])</th>
<th>Principal To Be Redeemed</th>
</tr>
</thead>
<tbody>
<tr>
<td>20[___]</td>
<td>$[____________]</td>
</tr>
<tr>
<td>20[___]</td>
<td>___________________</td>
</tr>
</tbody>
</table>

[Final Maturity]
Source: The Underwriter

The principal amount of Series 2009 Bonds maturing on May 15, 20[_______], required to be redeemed on any particular date shall be reduced in regular chronological order by an amount equal to the par value of any such Series 2009 Bonds maturing on May 15, 20[_______], that are redeemed at the Board’s option not less than 45 days prior to the redemption date fixed for such mandatory sinking fund redemption. The remaining principal amount of Series 2009 Bonds shall be paid upon presentation and surrender at or after their final maturity on May 15, 20[_______], unless otherwise sooner redeemed as provided in the Resolution.

The Series 2009 Bonds maturing on May 15, 20[_____] are subject to mandatory sinking fund redemption at a redemption price equal to the principal amount thereof plus accrued interest to the redemption date, without premium. The Series 2009 Bonds will be redeemed on the following dates and in the following amounts:
The principal amount of Series 2009 Bonds maturing on May 15, 20[__], required to be redeemed on any particular date shall be reduced in regular chronological order by an amount equal to the par value of any such Series 2009 Bonds maturing on May 15, 20[__], that are redeemed at the Board’s option not less than 45 days prior to the redemption date fixed for such mandatory sinking fund redemption. The remaining principal amount of Series 2009 Bonds shall be paid upon presentation and surrender at or after their final maturity on May 15, 20[__], unless otherwise sooner redeemed as provided in the Resolution.

In the case of a Series 2009 Bond of a denomination larger than $5,000, a portion of such Series 2009 Bond ($5,000 or any integral multiple thereof) may be redeemed, in which case the 2009 Registrar shall, without charge to the owner of such Series 2009 Bond, authenticate and issue a replacement Series 2009 Bond or Bonds for the unredeemed portion thereof. Redemption shall be made upon not less than 15 days’ prior mailed notice to each registered owner as shown on the registration records maintained by the 2009 Registrar, as provided in the Resolution.

This Series 2009 Bond is fully transferable by the registered owner hereof in person or by his duly authorized attorney on the registration records maintained by the 2009 Registrar upon surrender of this Series 2009 Bond together with a duly executed written instrument of transfer satisfactory to the 2009 Registrar. Upon such transfer a new fully registered Series 2009 Bond or Series 2009 Bonds of authorized denomination or denominations of the same aggregate principal amount and maturity will be issued to the transferee in exchange for this Series 2009 Bond, subject to such terms and conditions as set forth in the Resolution. The Board, the 2009 Registrar and the 2009 Paying Agent may deem and treat the person in whose name this Series 2009 Bond is registered as the absolute owner hereof for the purpose of making payment (except to the extent otherwise provided hereinabove and in the Resolution with respect to Regular and Special Record Dates for the payment of interest) and for all other purposes and the Board and the 2009 Paying Agent and the 2009 Registrar shall be not affected by notice to the contrary.

All Debt Service Requirements of the Series 2009 Bonds shall be payable and collectible solely out of the Net Revenues, which Net Revenues are so pledged. The owner or owners thereof may not look to any general or other fund for the payment of the principal of, premium, if any, or interest on the Series 2009 Bonds, except the designated special funds pledged therefor. The Series 2009 Bonds shall not constitute an indebtedness or a debt within the meaning of any constitutional or statutory provision or limitation and the Series 2009 Bonds shall not be
considered or held to be general obligations of the Board or the College, but shall constitute the
Board’s special obligations. No obligation created hereunder shall ever be or become a charge or
debt against the State.

The Series 2009 Bonds are special, limited obligations of the Board, payable solely from
Net Revenues (as defined in the Resolution). Net Revenues are calculated by determining the
Gross Revenues (as described in the Resolution) less Operation and Maintenance Expenses (as
described in the Resolution). The payment of the Series 2009 Bonds will not be secured by an
encumbrance, mortgage or other pledge of any property except Net Revenues. The Series 2009
Bonds do not constitute a general obligation of the Board or the College or a debt or obligation
of the State. The Resolution prohibits the Board from issuing any additional bonds or other
obligations with a lien on Net Revenues which is superior to the lien thereon of the Series 2009
Bonds.

Reference is made to the Resolution and any and all modifications and amendments
thereof and to the designated statutes for the provisions, among others, with respect to the
custody and application of the proceeds of the Series 2009 Bonds, for a description of the nature
and extent of the security for the Series 2009 Bonds, the funds or revenues pledged, the nature
and extent and manner of enforcement of the pledge, the rights and remedies of the owners of the
Series 2009 Bonds with respect thereto, the terms and conditions upon which the Series 2009
Bonds are issued, and a statement of rights, duties, immunities and obligations of the Board and
the rights of the owners of the Series 2009 Bonds.

To the extent and in the respects permitted by the Resolution, the provisions of the
Resolution or any resolution amendatory thereof or supplemental thereto may be modified or
amended by action on behalf of the Board taken in the manner and subject to the conditions and
exceptions prescribed in the Resolution. The pledge of the Net Revenues and other duties of the
Board under the Resolution may be discharged at or prior to the maturity or redemption of the
Series 2009 Bonds upon the making of provision for the payment thereof on the terms and
conditions set forth in the Resolution.

The Board covenants and agrees with the owner of this Series 2009 Bond and with each
and every person who may become the owner hereof that it will keep and perform all of the
covenants of the Resolution.

No recourse shall be had for the payment of the principal of, premium, if any, and interest
on this Series 2009 Bond or for any claim based thereon or otherwise in respect to the Resolution
against any individual member of the Board, past, present or future, either directly or through the
Board, or through any successor body corporate of either, whether by virtue of any constitution,
statute or rule of law, or by the enforcement of any penalty or otherwise, all such liability, if any,
being by the acceptance of this Series 2009 Bond and as a part of the consideration of its
issuance specially waived and released. The obligation of the Board, as a body corporate, to the
owner hereof is limited to applying funds for the payment hereof, as set forth above and as more
fully delineated in the Resolution, and to otherwise complying with the contractual provisions
therein.
Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Board or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

This Series 2009 Bond is issued pursuant to the Supplemental Public Securities Act, Colorado Revised Statutes, Sections 11-57-201 et seq., as amended, and, pursuant to Section 11-57-210, C.R.S., this recital shall be conclusive evidence of the validity and the regularity of the issuance of this Series 2009 Bond after its delivery for value.
IN TESTIMONY WHEREOF, the Board of Trustees for Adams State College has caused this Series 2009 Bond to be executed in the name and on the behalf of the Board with the manual or facsimile signature of its Chair and to be attested and signed with the manual or facsimile signature of the Secretary of the Board; and has caused the facsimile of the seal of the College to be affixed hereon, all as of [__________], 2009.

[SEAL] BOARD OF TRUSTEES FOR ADAMS STATE COLLEGE

By: ______________________________
    Chair of the Board

Attest:

______________________________
    Secretary of the Board

(End Form of Series 2009 Bond)
(Form of Certificate of Authentication)

CERTIFICATE OF AUTHENTICATION FOR SERIES 2009 BONDS

This is one of the Series 2009 Bonds described in the within mentioned Resolution, and this Series 2009 Bond has been duly registered on the registration records kept by the undersigned as the 2009 Registrar for such Series 2009 Bonds.

Date of authentication and registration: _______________________

The Bank of New York Mellon Trust Company, N.A., Denver, Colorado, as the 2009 Registrar

By __________________________________________

_______, Vice President

(End Form of Certificate of Authentication)
ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto (Name and Address of Assignee) _______________________________________ the within Bond and does hereby irrevocably constitute and appoint _____________________________________ as registrar and transfer agent to transfer the said Bond on the records kept for registration thereof with full power of substitution in the premises.

Signature guaranteed:

----------------------------------
(Bank)

----------------------------------
(Authorized Officer)

Date of Assignment: ____________

Insert Social Security Number or other Tax Identification Number of Assignee

____________________________________

NOTICE: The signature to this Assignment must correspond with the name of the registered owner as it appears upon the face of the within Bond in every particular, without any alteration whatever, and must be guaranteed by a member firm of a Medallion Signature Guarantee Program acceptable to the 2009 Paying Agent.

(End of Form of Assignment)
ATTACHMENT 2

PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER ___, 2009

NEW ISSUE
BOOK-ENTRY-ONLY

STATE INTERCEPT PROGRAM RATINGS: Moody’s: “[Aa3]”
Standard & Poor’s: “[AA-]”
UNDERLYING RATING: Moody’s: “[A3]”
See “RATINGS”

In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, interest on the Series 2009B Bonds (including original issue discount treated as interest) is excluded from gross income for federal income tax purposes and is not a specific preference item nor is it included in adjusted current earnings for purposes of the federal alternative minimum tax imposed on individuals and corporations. Interest on the Series 2009C Bonds is included in gross income for federal income tax purposes. Also, in the opinion of Bond Counsel, under existing laws, regulations, rulings and judicial decisions, interest on the Series 2009 Bonds is exempt from taxation for any state, county, school district, special district, municipal or other purpose in the State of Colorado. For a more complete description of such opinion of Bond Counsel and a description of certain provisions of the Internal Revenue Code of 1986, as amended, which may affect the federal tax treatment of interest on the Series 2009 Bonds for certain registered owners of the Series 2009 Bonds, see “CERTAIN FEDERAL INCOME TAX CONSIDERATIONS” herein.

$[__________]’
THE BOARD OF TRUSTEES FOR ADAMS STATE COLLEGE
(Alamosa, Colorado)
Auxiliary Facilities Revenue Bonds
Series 2009B

$[__________]’
THE BOARD OF TRUSTEES FOR ADAMS STATE COLLEGE
(Alamosa, Colorado)
Taxable Auxiliary Facilities Revenue Bonds
(Build America Bonds—Direct Payment to Board)
Series 2009C

Dated: Date of Delivery
Due: [May 15], as shown on inside cover

The Board of Trustees for Adams State College Auxiliary Facilities Revenue Bonds, Series 2009B (the “Series 2009B Bonds”) and the Board of Trustees for Adams State College Taxable Auxiliary Facilities Revenue Bonds (Build America Bonds—Direct Payment to Board), Series 2009C (the “Series 2009C Bonds,” and together with the Series 2009B Bonds, the “Series 2009 Bonds”) are being issued by the Board of Trustees for Adams State College (the “Board”) in accordance with certain provisions of the Colorado Revised Statutes and a Master Resolution and Second Supplemental Resolution adopted by the Board on [__________], 2009 (collectively, the “Bond Resolution”). See “THE SERIES 2009 BONDS” herein.

The Series 2009 Bonds will be issued in fully registered form in denominations of $5,000 and integral multiples thereof in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTCP”). DTC initially will act as securities depository for the Series 2009 Bonds. Individual purchases will be made in book-entry form only, and purchasers of beneficial interests in the Series 2009 Bonds (“the Beneficial Owners”) will not receive physical delivery of bond certificates, all as more fully described herein. The principal of and premium, if any, are payable by The Bank of New York Mellon Trust Company, N.A., Denver, Colorado, as paying agent (the “2009 Paying Agent”), to DTC. Interest on the Series 2009 Bonds is payable semiannually on May 15 and November 15, commencing May 15, 2010. Capitalized terms not defined on this cover page have the meanings ascribed to them in this Official Statement or the Bond Resolution. See “THE SERIES 2009 BONDS—Book-Entry System.”

MATUREDAYS, PRINCIPAL AMOUNTS, INTEREST RATES, YIELDS, PRICES AND CUSIPS SHOWN ON INSIDE FRONT COVER

The Series 2009 Bonds are subject to optional redemption prior to maturity as described herein. The Series 2009 Bonds are also subject to mandatory sinking fund redemption prior to maturity as described herein.

The proceeds of the Series 2009 Bonds are being used to: (a) advance refund all of the Board’s outstanding Series 2004A Bonds (as defined herein); (b) finance certain capital improvements to Adams State College’s (the “College”) campus including the construction, improvement and equipping of (i) campus-wide retrofits of existing buildings for energy performance, (ii) a new multi-use community room for Rex Field Residence Hall, (iii) remodeling of existing on-campus student housing (iv) a new music building (v) a new education and social sciences building and (vi) other campus improvements (collectively, the “2009 Improvements Project”); (c) reimburse the College for previously incurred capital expenditures; and (e) pay certain costs relating to the issuance of the Series 2009 Bonds.

The Series 2009 Bonds are special, limited obligations of the Board, payable solely from Net Revenues (as defined herein) derived from or in respect of certain auxiliary facilities of the College and all other auxiliary facilities that may be added hereafter to the Facilities (as defined herein). Net Revenues are calculated by subtracting from the Gross Revenues (as defined herein) Operation and Maintenance Expenses (as defined herein) and certain debt service requirements on any Prior Auxiliary Bonds (as defined herein) of the Board that have a senior lien on the Gross Revenues (excluding Gross Revenues derived from continuing education and the Capital Construction Debt Service Fee). The Board has the right, subject to certain conditions described herein, to issue additional obligations on a parity with or subordinate to the Series 2009 Bonds. The payment of the Series 2009 Bonds will not be secured by an encumbrance, mortgage or other pledge of any property except the Net Revenues. The Series 2009 Bonds do not constitute a general obligation of the Board, the College, or the State of Colorado, except to the extent provided for in the State Intercept Program.

The Series 2009 Bonds qualify for the State of Colorado Intercept Program (the “State Intercept Program”) as described herein. Pursuant to the State Intercept Program, Colorado’s State Treasurer shall pay the principal of and interest on the Series 2009 Bonds if the Board does not make such payments when they are due. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2009 BONDS—State Intercept Program.”

This cover page contains certain information for general reference only. It is not intended to be a summary of the security or terms of the Series 2009 Bonds. Investors are advised to read the entire Official Statement, including any portion hereof incorporated by reference, to obtain information essential to the making of an informed decision.

The Series 2009 Bonds are offered when, as and if issued, subject to the approving opinion of Kutak Rock LLP, as Bond Counsel, and certain other conditions. Kutak Rock LLP has also acted as counsel to the Board in connection with the preparation of this Official Statement. North Slope Capital Advisors is acting as financial advisor to the Board. It is expected that the Series 2009 Bonds will be issued and available for delivery through the facilities of DTC in New York, New York on or about [__________], 2009.

* Preliminary; subject to change.

4829-8418-0996.3
The date of this Official Statement is [_________], 2009.
### Series 2009B Maturity Schedule *

<table>
<thead>
<tr>
<th>Maturity Date (May 15)</th>
<th>Principal Amount</th>
<th>Interest Rate</th>
<th>Yield</th>
<th>Price</th>
<th>CUSIP ¹</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Term Series 2009B Bonds**

$_______ ____% Term Series 2009B Bonds due May 15, 20___ Yield _____% Price _____% CUSIP¹_____

### Series 2009C Maturity Schedule *

<table>
<thead>
<tr>
<th>Maturity Date (May 15)</th>
<th>Principal Amount</th>
<th>Interest Rate</th>
<th>Yield</th>
<th>Price</th>
<th>CUSIP ¹</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Term Series 2009C Bonds**

$_______ ____% Term Series 2009C Bonds due May 15, 20___ Yield _____% Price _____% CUSIP¹_____

---

* Preliminary; subject to change.

¹ Registered Trademark 2009, American Bankers Association. The CUSIP numbers are provided by Standard & Poor’s, CUSIP Service Bureau, a Division of The McGraw-Hill Companies, Inc. These numbers are not intended to create a database and does not serve in any way as a substitution for the CUSIP Service. Neither the Board nor the Underwriter takes any responsibility for the accuracy of CUSIP numbers, which are included solely for the convenience of owners of the Series 2009 Bonds.
USE OF INFORMATION IN THIS OFFICIAL STATEMENT

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy any of the Series 2009 Bonds in any jurisdiction in which it is unlawful to make such offer, solicitation or sale. No dealer, salesman, 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 2009 Bonds, and if given or made, such information must not be relied upon as having been authorized by the Board, the College, or the Underwriter.

The information set forth in this Official Statement has been furnished by the Board or the College and obtained from other sources believed to be reliable. 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 in this Official Statement is subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Board or the College or others since the date hereof.

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

In making any investment decision, investors must rely on their own examination of the Board and the College, the Net Revenues and the terms of the offering, including the merits and risks involved. These Series 2009 Bonds have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this official statement. Any representation to the contrary is a criminal offense.


THIS OFFICIAL STATEMENT IS BEING PROVIDED TO PROSPECTIVE PURCHASERS EITHER IN BOUND PRINTED FORM (“ORIGINAL BOUND FORMAT”) OR IN ELECTRONIC FORMAT ON THE FOLLOWING WEBSITE: WWW.MERITOS.COM. THIS OFFICIAL STATEMENT MAY BE RELIED UPON ONLY IF IT IS IN ITS ORIGINAL BOUND FORMAT OR IT IS PRINTED IN FULL DIRECTLY FROM SUCH WEBSITE.

The Board has entered into an undertaking for the benefit of the owners of the Series 2009 Bonds to send certain financial information and operating data to certain information repositories annually and to provide notice to the Municipal Securities Rulemaking Board or to certain information repositories of certain events, pursuant to the requirements of Section (b)(5)(i) of Rule 15c2-12 of the Securities and Exchange Commission.

Circular 230

THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT IS NOT INTENDED TO BE USED, AND CANNOT BE USED, BY A PURCHASER OF THE SERIES 2009 BONDS FOR THE PURPOSE OF AVOIDING FEDERAL TAX PENALTIES. EACH PURCHASER OF THE SERIES 2009 BONDS IS URGED TO CONTACT AN INDEPENDENT TAX ADVISOR CONCERNING AN INVESTMENT IN THE SERIES 2009 BONDS.
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**APPENDIX B** SUMMARY OF CERTAIN PROVISIONS OF THE MASTER RESOLUTION AND THE FIRST SUPPLEMENTAL RESOLUTION

**APPENDIX C** FORM OF OPINION OF BOND COUNSEL

**APPENDIX D** FORM OF CONTINUING DISCLOSURE UNDERTAKING

**APPENDIX E** MAP OF THE ADAMS STATE COLLEGE CAMPUS
OFFICIAL STATEMENT

Relating to:

$[__________]*
THE BOARD OF TRUSTEES FOR ADAMS STATE COLLEGE
Auxiliary Facilities Revenue Bonds
Series 2009B

$[__________]*
THE BOARD OF TRUSTEES FOR ADAMS STATE COLLEGE
Taxable Auxiliary Facilities Revenue Bonds
(Build America Bonds—Direct Payment to Board)
Series 2009C

INTRODUCTION

This Official Statement, including its cover page, inside cover page, and appendices, provides information in connection with the issuance and sale of the Board of Trustees for Adams State College Auxiliary Facilities Revenue Bonds, Series 2009B (the “Series 2009B Bonds”) and the Board of Trustees for Adams State College Taxable Auxiliary Facilities Revenue Bonds (Build America Bonds—Direct Payment to Board), Series 2009C (the “Series 2009C Bonds,” and together with the Series 2009B Bonds, the “Series 2009 Bonds”), issued by the Board of Trustees for Adams State College (the “Board”) of the State of Colorado (the “State”) in the aggregate principal amount shown above pursuant to the Master Resolution adopted by the Board on January 28, 2009, as supplemented by the First Supplemental Resolution adopted by the Board on January 28, 2009 and the Second Supplemental Resolution adopted by the Board on [__________], 2009 (collectively, the “Bond Resolution”). Capitalized terms used herein and not otherwise defined have the meanings given thereto in the Bond Resolution. See “SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION” included as Appendix B hereto.

This introduction is not a summary of this Official Statement. It is only a description of and guide to, and is qualified by, more complete 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 2009 Bonds to potential investors is made only by means of the entire Official Statement.

The Board and Adams State College

The Board, a body corporate comprised of eleven persons, is one of the governing boards of institutions of higher education in the State and governs Adams State College (the “College”) located in Alamosa, Colorado. The Board is organized under the Constitution and laws of the State of Colorado (the “State”), particularly Title 23, Article 5 and 51, Colorado Revised Statutes, as amended (collectively, the “Act”). The Board has general control and supervision of the College including power to issue Auxiliary Facilities Revenue Bonds. See “ADAMS STATE COLLEGE” and “CERTAIN FINANCIAL INFORMATION.”

* Preliminary; subject to change.
Purpose of the Series 2009 Bonds

The proceeds from the sale of each series of the Series 2009 Bonds will be used to (a) advance refund the Board’s outstanding Series 2004A Bonds (as hereinafter defined) (the “Series 2009 Refunding Project”) as further described in “PLAN OF FINANCING—The 2009 Refunding Project,” (b) finance certain capital improvements to the College campus including [the construction, improvement and equipping of (i) campus-wide retrofits of existing buildings for energy performance, (ii) a new multi-use community room for Rex Field Residence Hall, (iii) remodeling of existing on-campus student housing (iv) a new music building (v) a new education and social sciences building and (vi) other campus improvements] (collectively, the “2009 Improvements Project”) as further described in “PLAN OF FINANCING—The 2009 Improvements Project.” A portion of the proceeds of the Series 2009 Bonds will also be used to fund capitalized interest to pay a portion of the interest due on the Series 2009 Bonds through [__________], reimburse the College for previously incurred capital expenditures and pay costs of issuance relating to the Series 2009 Bonds, in accordance with and as provided by the Bond Resolution.

Sources of Payment for the Series 2009 Bonds

Net Revenues Pledge. The Series 2009 Bonds are special, limited obligations of the Board, payable from Net Revenues (as defined herein). Net Revenues are calculated by determining the Gross Revenues (as described herein) less the debt service on any Prior Auxiliary Bonds (as described herein) and Operation and Maintenance Expenses (as described herein) not paid as part of the Prior Auxiliary Bond Obligations. For a further description of any Prior Auxiliary Bonds and the Net Revenues, see “THE NET REVENUES” and “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2009 BONDS—Special Limited Obligations” and “—Outstanding Prior Auxiliary Bonds.” The payment of the Series 2009 Bonds will not be secured by an encumbrance, mortgage or other pledge of any property except Net Revenues. The Series 2009 Bonds do not constitute a general obligation of the Board or the College or a debt or obligation of the State. The Bond Resolution prohibits the Board from issuing any additional bonds or other obligations with a lien on the Net Revenues which is superior to the lien thereon of the Series 2009 Bonds.

Under the Bond Resolution, the student or faculty housing facilities, student or faculty dining facilities, recreational facilities, student activities facilities, continuing education facilities or activities, health facilities, college bookstore, or student or faculty parking facilities of the College, including all improvements, extensions, enlargements or betterments thereto or replacement thereof (the “Facilities”) has been designated as an “enterprise” pursuant to the provisions of Article X, Section 20 of the Colorado Constitution (“TABOR”) and the provisions of Sections 23-5-101.5 to 105, inclusive, Colorado Revised Statutes (the “Auxiliary Enterprise Act”) by the Board. The Facilities also include all other auxiliary facilities that may be added hereafter to the Facilities as provided in and in accordance with the Bond Resolution and, subject to certain exceptions, all auxiliary facilities that are financed by Additional Bonds while any of the Series 2009 Bonds or Additional Bonds remain outstanding. The Facilities will also include certain facilities acquired, improved and constructed as a result of the 2009 Improvements Project. See “PLAN OF FINANCING—The 2009 Improvements Project” and “THE NET REVENUES.”

No reserve fund has been established with respect to the Series 2009 Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2009 BONDS—No Reserve Fund Requirement.”

Outstanding Parity Auxiliary Bonds and Prior Auxiliary Bonds. The Board has previously issued pursuant to the Master Resolution and the First Supplemental Resolution, “The Board of Trustees
for Adams State College Auxiliary Facilities Revenue Improvement Bonds, Series 2009A” (the “Series 2009A Bonds”) currently outstanding in the aggregate principal amount of $19,805,000. The Series 2009A Bonds and the Series 2009 Bonds are Parity Auxiliary Obligations under the Bond Resolution that have a parity lien on the Net Revenues. The Series 2009A Bonds, the Series 2009 Bonds, and any additional bonds payable from the Net Revenues and secured with a lien thereon on a parity with the lien on the Series 2009A Bonds and the Series 2009 Bonds are referred to herein collectively as the “Bonds.”

The Board previously issued its Auxiliary Facilities Enterprise Refunding and Improvement Revenue Bonds, Series 2004A (the “Series 2004A Bonds” or the “Prior Auxiliary Bonds”) currently outstanding in the aggregate principal amount of $[__________]. These Prior Auxiliary Bonds had a prior and senior lien on certain of the Gross Revenues (excluding Gross Revenues derived from continuing education and the Capital Construction Debt Service Fee) as described in “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2009 BONDS—Net Revenues” and “—Outstanding Prior Auxiliary Bonds.” A portion of the proceeds of the Series 2009B Bonds will be used to advance refund all of the Series 2004A Bonds. Upon the refunding of the outstanding Series 2004A Bonds with proceeds of the Series 2009B Bonds, there shall no longer be any Prior Auxiliary Bonds outstanding. The Board has closed off the lien that secures the Prior Auxiliary Bonds and no additional Prior Auxiliary Bonds may be issued under the Prior Auxiliary Bond Resolution.

**Federal Direct Payments for Series 2009B Bonds.** Pursuant to the Colorado Recovery Act (defined herein), any entity authorized to issue bonds may pledge any cash subsidy payments, if any, received by the United States Treasury (“Federal Direct Payments”) expected to be received in connection with bonds that qualify as “Build America Bonds” to the payment of such bonds. The Federal Direct Payments received in connection with the Series 2009C Bonds, if any, constitute Gross Revenues and thus are pledged to the payment of the Series 2009C Bonds. See “THE SERIES 2009 BONDS—Designation of the Series 2009B Bonds as ‘Build America Bonds.’”

**State Intercept Program.** On June 4, 2008, the State enacted the Higher Education Revenue Bond Intercept Program (the “State Intercept Program”), established pursuant to Section 23-5-139, Colorado Revised Statutes, as amended, which provides for the payment by the State Treasurer of principal of and interest due with respect to revenue bonds issued by state supported institutions of higher education if such an institution will not make the payment by the date on which it is due. The Series 2009 Bonds qualify for the State Intercept Program. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2009 BONDS—State Intercept Program.”

**Institutional Enterprise Status of the College and Springing Pledge of Tuition Revenues.** For the Fiscal Year ended June 30, 2009, the College did not qualify as an “enterprise” under the provisions of Sections 23-5-101.7, Colorado Revised Statutes, as amended (the “Institutional Enterprise Act”) because it received more than 10% of its revenues from the State. Consequently, 10% of the charges to students for the provision of general instruction by the College, whether collected or accrued (“Tuition Revenues”) are not currently pledged to secure the Series 2009A Bonds, the Series 2009 Bonds or any additional Auxiliary Facilities Revenue Bonds until the College is designated as an enterprise within the meaning of the Institutional Enterprise Act for Fiscal Year 2010. Although it has not yet received a designation as an institutional enterprise from the office of the State auditor and the legislative audit committee for the Fiscal Year ended June 30, 2010, the College anticipates that it will qualify as an institutional enterprise because it anticipates receiving less than 10% of its total annual revenues for this fiscal year from the State. The College expects to be designated as an institutional enterprise within the meaning of the Institutional Enterprise Act after the close of the Fiscal Year ended June 30, 2010.

Once the Board receives the designation of the College as a whole as an institutional enterprise under the Institutional Enterprise Act, Tuition Revenues will be pledged as security for the Series 2009A
Bonds and the Series 2009 Bonds, in addition to the Net Revenues, without any further action of the Board. Net Revenues plus Tuition Revenues shall hereinafter be referred to collectively as the “Institutional Enterprise Revenues.” If Tuition Revenues are pledged at a future date to secure the Series 2009A Bonds and the Series 2009 Bonds, the Series 2009A Bonds and the Series 2009 Bonds will then be classified as Institutional Enterprise Revenue Bonds for purposes of the Bond Resolution and will be secured by the Institutional Enterprise Revenues.

Terms of the Series 2009 Bonds

**Denominations and Payments.** The Series 2009 Bonds will mature and bear interest as set forth on the inside front cover page hereof and as more fully described in the Section entitled “THE SERIES 2009 BONDS.” The Series 2009 Bonds will be issued in fully registered form in the Authorized Denominations of $5,000 and integral multiples thereof. See “THE SERIES 2009 BONDS” herein.

**Redemption.** The Series 2009 Bonds are subject to optional redemption and extraordinary optional redemption prior to maturity as more fully described in the Section entitled “THE SERIES 2009 BONDS—Prior Redemption—Optional Prior Redemption” and “—Extraordinary Optional Redemption.” The Series 2009 Bonds are also subject to mandatory sinking fund redemption prior to maturity as described in “THE SERIES 2009 BONDS—Prior Redemption—Mandatory Sinking Fund Redemption.” All redemptions for the Series 2009 Bonds shall be in integral multiples of the Authorized Denominations thereof. See “THE SERIES 2009 BONDS—Prior Redemption.”

**Book-Entry System**

The Depository Trust Company, New York, New York (“DTC”) is acting as securities depository for the Series 2009 Bonds through its nominee, Cede & Co., to which principal and interest payments on the Series 2009 Bonds are to be made. One or more fully registered bonds in denominations in the aggregate equal to the principal amount per maturity of the Series 2009 Bonds will be registered in the name of Cede & Co. Individual purchases will be made in book-entry form only and purchasers of the Series 2009 Bonds will not receive physical delivery of bond certificates, all as more fully described herein. Upon receipt of payments of principal and interest, DTC is to remit such payments to the DTC participants for subsequent disbursement to the beneficial owners of the Series 2009 Bonds. For a more complete description of the book-entry system, see “THE SERIES 2009 BONDS—Book-Entry System.”

For a more complete description of the Series 2009 Bonds and the Bond Resolution and other documents pursuant to which such Series 2009 Bonds are being issued, see “THE SERIES 2009 BONDS” and “SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION” in Appendix B hereto.

**Tax Matters**

In the opinion of Bond Counsel, to be delivered upon the issuance of the Series 2009 Bonds, under existing law and assuming compliance by the Board with requirements of the Internal Revenue Code of 1986, as amended (the “Code”), that must be met subsequent to the issuance of the Series 2009 Bonds, with which the Board has certified, represented and covenanted its compliance, interest on the Series 2009 Bonds is excluded from gross income for federal income tax purposes and is not included in the computation of the federal alternative minimum tax imposed on individuals, trusts, estates and, subject to certain exceptions, corporations. Also in the opinion of Bond Counsel, to be delivered upon the issuance of the Series 2009 Bonds, under existing law, interest on the Series 2009 Bonds is not subject to income taxation by the State. See “TAX MATTERS” and Appendix C hereto.
Authority for Issuance

The Series 2009 Bonds are being issued pursuant to the Bond Resolution and pursuant to Sections 23-5-101.5, 23-5-102, 23-5-103, 23-5-104, 23-5-105, Colorado Revised Statutes, as amended (collectively, the “Auxiliary Facilities Enterprise Act”), Sections 23-5-101.7, 23-5-102, 23-5-103, 23-5-104, 23-5-105, Colorado Revised Statutes, as amended (collectively, the “Institutional Enterprise Act”), Article 54, Title 11, Colorado Revised Statutes, as amended (the “Refunding Act”), Article 5, Title 23, Colorado Revised Statutes, as amended (the “Bond Act”), the Supplemental Public Securities Act, Part 2, Article 57, Title 11, Section 201 et seq., Colorado Revised States, as amended (the “Supplemental Public Securities Act”) and the Colorado Recovery and Reinvestment Finance Act 2009, Codified in Article 59.7, Title 11, Colorado Revised Statutes, as amended (the “Colorado Recovery Act”).

Offering and Delivery of the Series 2009 Bonds

The Series 2009 Bonds are offered when, as and if issued, subject to approval as to their legality by Bond Counsel and the satisfaction of certain other conditions. It is anticipated that the Series 2009 Bonds will be issued and available for delivery through DTC in New York, New York on or about [__________].

Professionals Involved in the Offering

The Bank of New York Mellon Trust Company, N.A., in Denver, Colorado, will act as paying agent and registrar (the “Series 2009 Paying Agent” or the “Paying Agent” and the “Series 2009 Registrar”) under the Bond Resolution. At the time of issuance and sale of the Series 2009 Bonds, Kutak Rock LLP, as Bond Counsel, will deliver the opinion discussed under “TAX MATTERS.” See also “LEGAL MATTERS.” Kutak Rock LLP has also acted as counsel to the Board in connection with the preparation of this Official Statement. North Slope Capital Advisors is acting as financial advisor to the Board.

Availability of Continuing Disclosure

Upon issuance of the Series 2009 Bonds, the Board will deliver a Continuing Disclosure undertaking in which it will agree, for the benefit of the owners of the Series 2009 Bonds, to file annual financial information with each nationally recognized municipal securities information repository and any State information depository, and to file with each nationally recognized municipal securities information repository of the Municipal Securities Rulemaking Board and any State information depository notices of material events set for in Rule 15c2-12 promulgated by the Securities and Exchange Commission as described in “CONTINUING DISCLOSURE UNDERTAKING” and in Appendix D hereto.

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 may be obtained during the offering period, upon request to the Board and upon payment to the Board of a charge for copying, mailing and handling, at 208 Edgemount Boulevard, Alamosa, Colorado 81102, Attention: Secretary of the Board.
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 Board and the purchasers or holders of any of the Series 2009 Bonds.

FORWARD-LOOKING STATEMENTS

This Official Statement contains statements relating to future results that are “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words “estimate,” “forecast,” “intend,” “expect,” “project,” “budget,” “plan” and similar expressions identify forward-looking statements.

The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The Board does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations, or events, conditions or circumstances on which such statements are based occur.

THE SERIES 2009 BONDS

General information describing the Series 2009 Bonds appears elsewhere in this Official Statement. That information should be read in conjunction with this summary, which is qualified in its entirety by reference to the Bond Resolution and the forms of Series 2009 Bonds included therein. See “SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION” in Appendix B hereto.

General

The Series 2009 Bonds are being issued pursuant to the Bond Resolution, which constitutes an irrevocable contract between the Board and the owners of the Series 2009 Bonds. The Bond Resolution provides that the Board will not take any action by which the rights and privileges of any owner of any Series 2009 Bond might be impaired or diminished. The Series 2009 Bonds are being issued under the authority of and pursuant to the Bond Act, the Auxiliary Facilities Enterprise Act, the Supplemental Public Securities Act, and the Institutional Enterprise Act. The Series 2009 Bonds are dated as of their date of issuance and bear interest from such date to maturity, payable semiannually on May 15 and November 15 of each year, commencing May 15, 2010. Principal will be payable on May 15 during the years and in the amounts shown on the inside cover page of this Official Statement.

See “APPENDIX B—SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION” for a summary of certain provisions of the Bond Resolution, including, without limitation, certain covenants of the Board, the rights and duties of the Series 2009 Paying Agent, the rights and remedies of the Series 2009 Paying Agent, provisions relating to amendments of the Bond Resolution and procedures for defeasance of the Series 2009 Bonds.

Book-Entry System

The Depository Trust Company (“DTC”) will act as securities depository for the Series 2009 Bonds. The Series 2009 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2009 Bond certificate will be issued for each maturity
of the Series 2009 Bonds, 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.

Purchases of Series 2009 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2009 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2009 Bond (“Beneficial Owner”) 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 Owners entered into the transaction. Transfers of ownership interests in the Series 2009 Bonds 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 2009 Bonds, except in the event that use of the book-entry system for the Series 2009 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2009 Bonds 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 2009 Bonds 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 2009 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2009 Bonds 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.
Redemption notices shall be sent to DTC. If less than all of the Series 2009 Bonds within an issue are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. nor any other DTC nominee will consent or vote with respect to Series 2009 Bonds unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Board as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts the Series 2009 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on Series 2009 Bonds 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 Board or the Series 2009 Paying Agent/Series 2009 Registrar, 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, the Series 2009 Paying Agent/Series 2009 Registrar or the Board, subject to any statutory or regulatory requirements as may be in effect from time-to-time. Payment of principal and interest to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC, is the responsibility of the Board or the Series 2009 Paying Agent/Series 2009 Registrar, 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 2009 Bonds at any time by giving reasonable notice to the Board or the Series 2009 Paying Agent/Series 2009 Registrar. Under such circumstances, in the event that a successor depository is not obtained, Series 2009 Bond certificates are required to be printed and delivered.

The Board may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Series 2009 Bond certificates will be printed and delivered to DTC.

The foregoing description of the procedures and record keeping with respect to beneficial ownership interests in the Series 2009 Bonds, payment of principal, interest, and other payments on the Series 2009 Bonds to Direct Participants, Indirect Participants, or Beneficial Owners, confirmation and transfer of beneficial ownership interest in such Series 2009 Bonds, 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 Board believes to be reliable, but the Board takes no responsibility for the accuracy thereof. Accordingly, no representations can be made concerning these matters and neither the Direct Participants, the Indirect Participants, nor the Beneficial Owners should rely on the foregoing information with respect to such matters but should instead confirm the same with DTC or the Direct Participants, as the case may be.
Prior Redemption

Optional Redemption of the Series 2009B Bonds. The Series 2009B Bonds maturing on and after May 15, 2021*, are subject to optional redemption prior to their respective maturities, at the option of the Board, in whole or in part, and if in part in such order of maturities as the Board shall determine and by lot within a maturity, on May 15, 2020*, and on any date thereafter, at a redemption price equal to the par amount thereof plus accrued interest, if any, to such redemption date.

Make Whole Redemption of the Series 2009C Bonds. The Board has reserved the right and the option to redeem the Series 2009C Bonds in whole or in part, on any date, in principal amounts equal to $5,000 or any integral multiple thereof at a redemption price (the “Make-Whole Redemption Price”) equal to the greater of

(i) 100% of the principal amount of the Series 2009C Bonds to be redeemed; or

(ii) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of the Series 2009C Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the Series 2009C Bonds are to be redeemed, discounted to the date on which the Series 2009C Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the adjusted “Treasury Rate” (as defined herein) plus 35 basis points, plus, in each case, accrued and unpaid interest on the Series 2009C Bonds to be redeemed on the redemption date.

“Treasury Rate” means, with respect to any redemption date for a particular Series 2009C Bond, the yield to maturity as of such redemption date of the United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two business days prior to the redemption date (excluding inflation indexed securities) (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to the maturity date of the Series 2009C Bonds to be redeemed; provided, however, that if the period from the redemption date to such maturity date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

At the request of the Paying Agent, the Make-Whole Redemption Price of Series 2009C Bonds to be redeemed will be determined by an independent accounting firm, investment banking firm or financial advisor retained by and at the expense of the Board to calculate such redemption price. The Paying Agent and the Board may conclusively rely on the determination of such redemption price by such independent accounting firm, investment banking firm or financial advisor and will not be liable for such reliance.

Extraordinary Optional Redemption of the Series 2009C Bonds. If section 54AA or 6431 of the Code is modified, amended or interpreted in a manner so as to reduce or eliminate the Board’s entitlement to 35% interest subsidy payments from the U.S. Treasury in respect of the Series 2009C Bonds, the Board may (but is not obligated to) redeem the Series 2009C Bonds of any or all maturities in whole or in part, at its option, at a redemption price equal to the greater of: (1) the principal amount of the Series 2009C Bonds to be redeemed; or (2) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of the Series 2009C Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the Series 2009C Bonds

* Preliminary; subject to change.
are to be redeemed, discounted to the date on which the Series 2009C Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate, plus 100 basis points, plus, in each case, accrued and unpaid interest on the Series 2009C Bonds to be redeemed to the redemption date.

“Treasury Rate” means, with respect to any redemption date for a particular Series 2009C Bonds, the yield to maturity as of such redemption date of the United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two business days prior to the redemption date (excluding inflation indexed securities) (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to the maturity date of the Series 2009C Bonds to be redeemed; provided, however, that if the period from the redemption date to such maturity date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

Mandatory Sinking Fund Redemption of the Series 2009B Bonds. The Series 2009B Bonds maturing on May 15, 20___* are subject to mandatory sinking fund redemption at a redemption price equal to the principal amount thereof plus accrued interest to the redemption date, without premium. The Series 2009 Bonds will be redeemed on the following dates and in the following amounts:

<table>
<thead>
<tr>
<th>Redemption Dates (May 15)</th>
<th>Principal To Be Redeemed</th>
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<tbody>
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<td>$</td>
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* Final Maturity
Source: The Underwriters

The principal amount of Series 2009B Bonds maturing on May 15, 20___*, required to be redeemed on any particular date shall be reduced in regular chronological order by an amount equal to the par value of any such Series 2009B Bonds maturing on May 15, 20___*, that are redeemed at the Board’s option not less than 45 days prior to the redemption date fixed for such mandatory sinking fund redemption. The remaining principal amount of Series 2009B Bonds shall be paid upon presentation and surrender at or after their final maturity on May 15, 20___*, unless otherwise sooner redeemed as provided in the Bond Resolution.

Mandatory Sinking Fund Redemption of the Series 2009C Bonds. The Series 2009C Bonds maturing on May 15, 20___* are subject to mandatory sinking fund redemption at a redemption price equal to the principal amount thereof plus accrued interest to the redemption date, without premium. The Series 2009C Bonds will be redeemed on the following dates and in the following amounts:
Redemption Dates  
(May 15)  
Principal To  
Be Redeemed  

$  

1  

1 Final Maturity  
Source: The Underwriters  

The principal amount of Series 2009C Bonds maturing on May 15, 20___*, required to be redeemed on any particular date shall be reduced in regular chronological order by an amount equal to the par value of any such Series 2009C Bonds maturing on May 15, 20___*, that are redeemed at the Board’s option not less than 45 days prior to the redemption date fixed for such mandatory sinking fund redemption. The remaining principal amount of Series 2009C Bonds shall be paid upon presentation and surrender at or after their final maturity on May 15, 20___*, unless otherwise sooner redeemed as provided in the Bond Resolution.  

Notices of Redemption to Bondholders; Conditional Calls. The Series 2009 Registrar will give notice of redemption, in the name of the Board, to Bondholders affected by redemption at least 30 days but not more than 60 days before each redemption and send such notice of redemption by first-class mail (or with respect to Series 2009 Bonds held by DTC by an express delivery service for delivery on the next following Business Day) to each owner of a Series 2009 Bond to be redeemed; each such notice will be sent to the owner’s registered address.  

Each notice of redemption will specify the Series 2009 Bonds to be redeemed, the date of issue and the maturity date thereof, if less than all of the Series 2009 Bonds of a maturity are called for redemption, the numbers of the Series 2009 Bonds and the CUSIP number assigned to the Series 2009 Bonds to be redeemed, the principal amount to be redeemed and the interest rate applicable to the Series 2009 Bonds to be redeemed, the date fixed for redemption, the redemption price, the place or places of payment, the Series 2009 Paying Agent’s name, that payment will be made upon presentation and surrender of the Series 2009 Bonds to be redeemed, that interest, if any, accrued to the date fixed for redemption and not paid will be paid as specified in said notice, and that on and after said date interest thereon will cease to accrue.  

Failure to give any required notice of redemption as to any particular Series 2009 Bond will not affect the validity of the call for redemption of any Series 2009 Bond in respect of which no failure occurs. Any notice sent as provided herein will be conclusively presumed to have been given whether or not actually received by the addressee. When notice of redemption is given, Series 2009 Bonds called for redemption become due and payable on the redemption date at the redemption price. In the event that funds are deposited with the Series 2009 Paying Agent sufficient for redemption, interest on the Series 2009 Bonds to be redeemed will cease to accrue as of the redemption date.  

The Board may provide that if at the time of mailing of notice of an optional redemption there shall not have been deposited with the Series 2009 Paying Agent moneys sufficient to redeem all the Series 2009 Bonds called for redemption, such notice may state that it is conditional and subject to the deposit of the redemption moneys with the Series 2009 Paying Agent not later than the opening of business five Business Days prior to the scheduled redemption date, and such notice will be of no effect unless such moneys are so deposited. In the event sufficient moneys are not on deposit on the required
date, then the redemption will be cancelled and on such cancellation date notice of such cancellation will be mailed to the holders of such Series 2009 Bonds, in the manner provided in the form of such Series 2009 Bonds.

**Effect of Redemption Call.** On the date so designated for redemption, notice having been given in the manner and under the conditions provided in the Bond Resolution and moneys for payment of the redemption price being held in trust to pay the redemption price, the Series 2009 Bonds so called for redemption will become and be due and payable on the respective redemption date, interest on the Series 2009 Bonds will cease to accrue from and after such redemption date, such Series 2009 Bonds will cease to be entitled to any lien, benefit or security under the Bond Resolution and the owners of such Series 2009 Bonds will have no rights in respect thereof except to receive payment of the redemption price. Series 2009 Bonds which have been duly called for redemption under this Section and for the payment of the redemption price of which moneys will be held in trust for the holders of the respective Series 2009 Bonds to be redeemed, all as provided in the Sixth Supplemental Resolution, will not be deemed to be Outstanding under the provisions of the Bond Resolution.

**Payment of Series 2009 Bonds Called for Redemption.** Upon surrender to the Series 2009 Paying Agent or the Series 2009 Paying Agent’s agent, Series 2009 Bonds called for redemption will be paid at the redemption price stated in the notice, plus, when applicable, interest accrued to the redemption date.

**Selection of Series 2009 Bonds for Redemption.** The Series 2009 Bonds are subject to redemption in such order of maturity (except Series 2009 Bonds redeemed pursuant to “—Mandatory Sinking Fund Redemption of the Series 2009B Bonds”, “—Mandatory Sinking Fund Redemption of the Series 2009C Bonds” and “—Mandatory Sinking Fund Redemption of the Series 2009D Bonds” above) as the Board may direct and by lot, selected in such manner as the Series 2009 Paying Agent deems appropriate, within a maturity.

The Board will determine the portion of any redemption to be made from each maturity of the Series 2009 Bonds; provided, however, that if less than all Series 2009 Bonds of a particular maturity are to be redeemed, the particular Series 2009 Bonds of such maturity to be redeemed will be chosen by the Series 2009 Paying Agent as herein described. In particular, if less than all the Series 2009 Bonds of a particular maturity will be called for redemption, the particular Series 2009 Bonds or portions of Series 2009 Bonds to be redeemed will be selected by lot or other random method by the Series 2009 Paying Agent in such manner as provided by the Bond Resolution; provided, however, that the portion of any Series 2009 Bonds to be redeemed will be in authorized denominations and that, in selecting Series 2009 Bonds for redemption, the Series 2009 Paying Agent will treat each Series 2009 Bond as representing that number of Series 2009 Bonds as is obtained by dividing the principal amount of such Series 2009 Bond by the minimum authorized denomination for such Series 2009 Bonds.

**Additional Enterprise Obligations**

**Parity Obligations.** The Bond Resolution reserves to the Board the right, subject to stated conditions, to issue, from time-to-time, additional Auxiliary Facilities Revenue Bonds and other types of securities and obligations payable from Net Revenues and secured by such Net Revenues on a parity with the Series 2009A Bonds and the Series 2009 Bonds so long as such Net Revenues are sufficient to pay 100% of the combined principal and interest payments on any Prior Auxiliary Bonds, the Series 2009A Bonds, the Series 2009 Bonds and any Additional Bonds due during such Fiscal Year. In addition, the Board may issue additional Institutional Enterprise Revenue Bonds secured by Institutional Enterprise Revenues, (equal to Net Revenues plus Tuition Revenues) on a parity with the Series 2009A Bonds and the Series 2009 Bonds so long as the College has been designated as an enterprise under the Institutional
Enterprise Act and so long as such Institutional Enterprise Revenues are sufficient to pay 100% of the combined principal and interest payments on any Prior Auxiliary Bonds, the Series 2009A Bonds, the Series 2009 Bonds and any Additional Bonds due during such Fiscal Year. In addition, the Bond Resolution provides that, so long as no Event of Default has occurred and is continuing under the Bond Resolution, one or more series of additional Bonds may be issued under the Bond Resolution for the purpose of refunding or advance refunding, any one or more series of then Outstanding Bonds issued under the Bond Resolution.

**Subordinate Lien Obligations.** The Board also may, without compliance with the foregoing and without restriction on amount or terms, issue obligations payable from all or a portion of the Net Revenues and secured by a lien thereon which is subordinate to the lien of the Series 2009A Bonds and the Series 2009 Bonds.

**No Prior Lien Obligations Outstanding Upon Issuance of Series 2009 Bonds.** Pursuant to the Bond Resolution, the Board is not permitted to issue obligations payable from Net Revenues and having a lien thereon prior and superior to the Series 2009A Bonds and the Series 2009 Bonds. Upon the refunding of the outstanding Series 2004A Bonds with proceeds of the Series 2009B Bonds, there shall no longer be any Prior Auxiliary Bonds outstanding. The Board has closed off the lien that secures the Prior Auxiliary Bonds and no additional Prior Auxiliary Bonds may be issued under the Prior Auxiliary Bond Resolution.

**Tuition Revenues Not Initially Pledged to Secure Series 2009 Bonds.** In addition, unless and until the College is designated as an enterprise for purposes of the Institutional Enterprise Act at which time the Series 2009 Bonds will be granted a lien on Tuition Revenues without further action by the Board, (a) the Board is not permitted by Colorado law to issue obligations payable from the Tuition Revenues, and (b) there are no Bonds that will be secured by a lien on such Tuition Revenues until any such designation.
PLAN OF FINANCING

Sources and Uses of Funds

The estimated sources and uses of funds in connection with the issuance and sale of the Series 2009 Bonds are set forth in the following table.

<table>
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<tr>
<th>Sources of Funds</th>
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<td>Proceeds of the Series 2009B Bonds</td>
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<td>Proceeds of the Series 2009C Bonds</td>
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<td>Net Original Issue Premium 1</td>
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<td>Total Sources of Funds</td>
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<td>Deposit to Escrow Fund</td>
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<td>Deposit to the Series 2009 Project Fund 2</td>
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<tr>
<td>Reimbursement to College 3</td>
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<tr>
<td>Deposit to the 2009 Interest Account 4</td>
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<td>Costs of Issuance and Underwriter Discount 5</td>
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<tr>
<td>Total Uses of Funds</td>
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</table>

1 Amount shown represents original issue premium net of original issue discount. See “TAX MATTERS.”
2 See “—The 2009 Improvements Project” under this caption.
3 For previously incurred capital expenditures associated with the 2009 Improvements Project.
4 To fund capitalized interest to pay a portion of the interest due on the Series 2009 Bonds through [________].
5 Costs of issuance include legal fees, printing costs, Underwriter’s discount, paying agent fees, and other miscellaneous expenses.

Source: The Underwriter

The Series 2009 Refunding Project

Proceeds from the sale of the Series 2009B Bonds will be used to advance refund all of the Board of Trustees for Adams State College Auxiliary Facilities Enterprise Refunding and Improvement Revenue Bonds, Series 2004A, currently outstanding in the amount of $[______]. The Series 2004A Bonds to be refunded shall be referred to herein as the “Series 2004A Refunded Bonds.”

Proceeds from the sale of the Series 2009B Bonds will be deposited in an escrow fund (the “Escrow Fund”) established pursuant to the terms and provisions of an Escrow Agreement, dated as of the date of issuance of the Series 2009B Bonds (the “Escrow Agreement”), by and between the Board and The Bank of New York Mellon Trust Company, N.A., as escrow agent thereunder (the “Escrow Agent”). Moneys deposited in the Escrow Fund will be invested in non-callable direct general obligations of, or obligations the payment of the principal or and interest on which is unconditionally guaranteed by, the United States of America (“Governmental Obligations”). Principal of and interest on the Governmental Obligations will be used, together with any cash balance in the Escrow Fund, to pay the regularly scheduled principal of and interest on the Refunded Bonds through [________] (the first optional redemption date), and to redeem on such date the Refunded Bonds maturing on and after [________] at a redemption price equal to the par amount thereof plus accrued interest to the redemption date.

The accuracy of the mathematical computations of the adequacy of cash and securities to be held in the Escrow Fund, together with the interest to be earned thereon, to pay the principal of, premium, if any, and interest on the Series 2004A Refunded Bonds according to the schedule established in the Escrow Agreement, and the computations supporting the conclusion of Bond Counsel that the Series 2009
Bonds are not “arbitrage bonds” within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder (the “Tax Code”), will be verified by [Causey Demgen & Moore Inc., Denver, Colorado, certified public accountants].

The 2009 Improvements Projects

Energy Performance Contract Retrofits. The College will use a portion of the proceeds of the Series 2009 Bonds to construct phase one of the energy performance enhancement project initiated by the College through a contractual arrangement with energy service company, Trane. The total cost of phase one of the energy performance enhancement project, projected to be approximately $1,400,000, is expected to be funded with proceeds of the Series 2009 Bonds.

Rex Field Residence Hall Community Room. The College will use a portion of the proceeds of the Series 2009 Bonds to construct a multi-use community room, designed to serve as a full service restaurant and event venue. The total cost of the Rex Field Residence Hall Community Room, projected to be approximately $700,000, is expected to be funded with proceeds of the Series 2009 Bonds.

Coronado D Wing and Girault South Wing. A remodel of the Coronado D Wing will renovate 105 suites and associated bathrooms. Each suite is made up of a common entry, two bedrooms and a private bathroom. Students may reside in both single and double arrangements, with a premium price paid for singles. The Girault Hall South Wing remodel will renovate 50 double/single occupancy rooms and associated community bathrooms. Rooms are evenly dispersed on two floors that utilize a common bathroom on each floor. The total cost of the Coronado D Wing and Girault South Wing remodel, projected to be approximately $4,100,000, is expected to be funded with proceeds of the Series 2009 Bonds.

Music Building. The Music Building and its companion building, Leon Memorial Recital Hall renovations will address all current controlled maintenance requirements. The original music building was built in 1957 and with exception of limited ADA upgrades and minor controlled maintenance projects has remained unchanged. Leon Memorial Recital Hall is adjacent to the music building and was built in 1968 and it too has had no major construction with exception of a new roof and boiler upgrades. Bond proceeds will be used for capital renewal related to life safety, acoustical and finish upgrades, including new seating and floor coverings. The spaces will not require major overhaul of spatial adjacencies or of classroom/lab sizes. The building will likely require a small addition to house lockers currently lining the exit pathways and hallways, a recording studio currently housed in another building, expanded practice rooms along with increased room for mechanical equipment. The addition will be assessed as design progresses through schematic design and a further code analysis is confirmed. The number of restroom fixtures will likely have to be increased due to modern code requirements. The college has done this preliminary assessment of the program requirements, anticipated renovation and addition. The total cost of the Music Building and Leon Memorial renovations are projected to be approximately $6,250,000, is expected to be funded with proceeds of the Series 2009 Bonds.

Education and Social Sciences Building. The Education and Social Sciences Building was constructed in 1967 and is the primary general classroom building on the campus. In addition it is home to several academic departments. The Adams State College Facilities Master Plan is explicit in detailing the need for a major renovation of the Education and Social Sciences Building to meet the current and future needs of the College. Renovation of the general classrooms that are located in the building will provide for greater utilization of those classrooms by better matching room sizes to class sizes. Reprogramming of the department specific classroom and office space will result in more efficient use of space and realign the programs to better meet the future needs of the College. The detailed program summary fits within the existing building’s 40,751 assignable square feet (ASF), and no additions are
contemplated as a part of this renovation. Several portions of the existing building do not meet current building codes. In particular, the corridors lack fire rating for life safety and are used for return air from the classroom spaces. The building is also short of required plumbing fixtures for the current occupant load. Most of the heating, ventilation, plumbing, and electrical systems have reached the end of their useful life and are in need of full replacement to provide the occupants of the building with adequate environmental conditions. A complete renovation will provide the opportunity to realign spaces and departments to meet the future needs of the programs as they have evolved over time. The renovation will also address all current controlled maintenance requirements and include replacement of roof systems, exterior skin upgrades for energy efficiency, and complete replacement of the HVAC and electrical infrastructure within the building. The total amount of renovated space have been calculated at 70,696 gross square Feet (GSF). The total cost of the renovation is estimated to be approximately $11,025,000, is expected to be funded with proceeds of the Series 2009 Bonds.

Parking, North Campus Green, and Street Improvements. The construction of Rex Field Residence Hall and redesign of the College’s north campus into a more student centric housing and recreation quad, requires closure of Stadium Drive and relocation of student parking. The North Campus Green, and associated pedestrian spine, will be constructed east of Rex Field Residence Hall. This endeavor will necessitate the closure of Stadium Drive between 1st Street and El Rio Drive. Currently Stadium Drive dissects north campus, effectively dividing the housing areas into two disparate areas. Elimination of this street and the adjoining parking lot will allow the construction of green space and outdoor recreational areas for students living on campus. It will also eliminate a hazardous area of campus that carries heavy foot traffic. New parking, roughly two hundred new spaces, will be relocated on 1st and Richardson and El Rio and Stadium Drive. The total cost of this project is estimated to be approximately $3,250,000 is expected to be funded with proceeds of the Series 2009 Bonds.

Synthetic Soccer and Lacrosse Field. In 2009 the College added Men’s Soccer to complement its existing women’s soccer program. In 2010, the College is planning to add men’s and women’s lacrosse. These enrollment based sports require the addition of a new competition field. Revenue associated with the additional students generated by these new sports has been allocated for the debt service associated with the construction of this field. The total cost of this project is estimated to be approximately $700,000 is expected to be funded with proceeds of the Series 2009 Bonds.

Currently, the College reasonably expects to expend all of the Series 2009 Bond proceeds (net of capitalized interest and costs of issuance, and reimbursement to the College for prior expenditures associated with the 2009 Improvements Project) on construction, renovation and improvement projects for auxiliary facilities of the College as set forth above. Since the College has attained institutional enterprise status, the College may commit certain proceeds of the Series 2009 Bonds to design and engineering costs associated with construction, improvement and renovation of academic facilities of the College, along with isolated renovations that can be fully completed with Series 2009 Bond proceeds. [Large academic renovation/construction projects that are identified in the design and engineering phase are expected to be funded with additional Bonds anticipated to be issued by the College over the next few years.]

DEBT SERVICE REQUIREMENTS

The following schedule shows, for each 12-month period commencing on July 1 of any calendar year and ending on June 30 of the next succeeding calendar year (the “Fiscal Year”), the total combined debt service (excluding any optional prior redemptions) payable for the outstanding Series 2009A Bonds and the Series 2009 Bonds through their final maturity date.
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*Preliminary; subject to change.

^ Payable pursuant to mandatory sinking fund redemption provisions. See “THE SERIES 2009 BONDS—Prior Redemption—Mandatory Sinking Fund Redemption.”

Source: the Underwriter

**SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2009 BONDS**

**Special Limited Obligations**

The Series 2009 Bonds are special limited obligations of the Board, payable and collectible solely out of the Net Revenues, which are Net Revenues. In the Bond Resolution, the Board covenants to maintain and impose student fees, other fees, rental rates, and other charges at the levels described in “—Rate Covenant” under this caption. The Series 2009 Bonds will not constitute or become a debt or indebtedness of the State, the Board or the College within the meaning of any constitutional or statutory
provision or limitation, and the Series 2009 Bonds will not be considered or held to be general obligations of the Board or the College or an obligation of the State other than as described under the caption “—State Intercept Program” below.

**Net Revenues**

The Series 2009 Bonds are special, limited obligations of the Board, payable from Net Revenues (as defined herein). Net Revenues are defined by the Bond Resolution to be Gross Revenues less (a) any Prior Auxiliary Bond Obligations, and (b) any Operation and Maintenance Expenses not paid as Prior Auxiliary Bond Obligations. For a further description of the Net Revenues, see “THE NET REVENUES” and “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2009 BONDS—Special Limited Obligations.” Upon the issuance of the Series 2009 Bonds and the advance refunding of the Series 2004A Bonds, there will be no Prior Auxiliary Bonds outstanding or payable as a first charge against Net Revenues. See “—No Outstanding Prior Obligations” under this caption.

The payment of the Series 2009 Bonds will not be secured by an encumbrance, mortgage or other pledge of any property except Net Revenues. The Series 2009 Bonds do not constitute a general obligation of the Board or the College or an obligation of the State except to the extent provided for in the State Intercept Program. The Bond Resolution prohibits the Board from issuing any additional bonds or other obligations with a lien on Net Revenues which is superior to the lien thereon of the Series 2009 Bonds.

Under the Bond Resolution, the student or faculty housing facilities, student or faculty dining facilities, recreational facilities, student activities facilities, continuing education facilities or activities, health facilities, college bookstore, or student or faculty parking facilities of the College, including all improvements, extensions, enlargements or betterments thereto or replacement thereof (the “Facilities”) has been designated as an “enterprise” pursuant to the provisions of Article X, Section 20 of the Colorado Constitution (“TABOR”) and the provisions of Sections 23-5-101.5 to 105, inclusive, Colorado Revised Statutes (the “Auxiliary Enterprise Act”) by the Board. The Facilities also include all other auxiliary facilities that may be added hereafter to the Facilities as provided in and in accordance with the Bond Resolution and, subject to certain exceptions, all auxiliary facilities that are financed by Additional Bonds while any of the Series 2009 Bonds or Additional Bonds remain outstanding. The Facilities will also include certain facilities acquired and constructed as a result of the 2009 Improvements Project. See “PLAN OF FINANCING—The 2009 Improvements Project” and “THE NET REVENUES.”

**No Reserve Fund Requirement for the Series 2009 Bonds**

Pursuant to the Bond Resolution, the Board may, but is not required to, establish a reserve requirement with respect to any series of Bonds. See “SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION—Reserve Fund” in Appendix B hereto. However, no reserve fund requirement will be established for the Series 2009 Bonds.

**No Outstanding Prior Auxiliary Bonds**

Net Revenues consist of Gross Revenues less (a) any Prior Auxiliary Bond Obligations and (b) Operation and Maintenance Expenses not paid as Prior Auxiliary Bond Obligations.

The Prior Auxiliary Bonds consist of the Series 2004A Bonds. The Prior Auxiliary Bond Obligations payable as a first charge on Gross Revenues (excluding Gross Revenues derived from continuing education and the Capital Construction Debt Service Fee) are the general operating expenses,
principal and interest payments, reserve fund deposits and rebate requirements to be paid pursuant to the bond resolutions related to the Prior Auxiliary Bonds (the “Prior Auxiliary Bond Resolutions”).

A portion of the proceeds of the Series 2009B Bonds will be used to advance refund all of the Series 2004A Bonds. Upon the refunding of the outstanding Series 2004A Bonds with proceeds of the Series 2009B Bonds, there shall no longer be any Prior Auxiliary Bonds outstanding. The Board has closed off the lien that secures the Prior Auxiliary Bonds and no additional Prior Auxiliary Bonds may be issued under the Prior Auxiliary Bond Resolution.

State Intercept Program

Under the Higher Education Revenue Bond Intercept Program, certified at Section 23-5-139, Colorado Revised Statutes, as amended (the “State Intercept Act”), if the paying agent with respect to bonds issued by a state-supported institution of higher education on or after June 4, 2008 (“Higher Education Bonds”) has not received a payment on the Higher Education Bonds 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 institution that has issued the Higher Education Bonds. The State Treasurer is then required to contact the institution to determine whether the institution will make the payment by the date on which it is due. If the institution indicates to the State Treasurer that it will not make the payment on the Higher Education Bonds by the date on which it is due, or if the State Treasurer cannot contact the institution, the State Treasurer is required to forward to the paying agent, in immediately available funds of the State, the amount necessary to make the payment of the principal of and interest on the Higher Education Bonds.

If the State Treasurer makes a payment on Higher Education Bonds under the State Intercept Act, he or she is to recover the amount forwarded by withholding amounts from the institution’s payments of the State’s fee-for-service contract with the institution from any other state support for the institution and from any unpledged tuition moneys collected by the institution. The total amount withheld in a month from the State’s fee-for-service contract with the institution for each occasion on which the State Treasurer forwards an amount pursuant to the State Intercept Act shall not exceed one-twelfth of the amount forwarded. The State Treasurer cannot withhold for more than 12 consecutive months for each occasion on which the State Treasurer forwards amounts pursuant to the State Intercept Act. While the withholding of fee-for-service payments is limited to 12 consecutive months, the State Intercept Act does not correspondingly limit the State’s contingent obligation to pay the Higher Education Bonds. The institution has the option of making early repayment of all or any portion of an amount forwarded by the State Treasurer for payment on Higher Education Bonds.

The State Treasurer is required to notify the State’s Department of Higher Education (the “Department”) and General Assembly of amounts withheld and payments made pursuant to the State Intercept Act. The Department is required to initiate an audit of the institution to determine the reason for the nonpayment of the Higher Education Bonds and to assist the institution, if necessary, in developing and implementing measures to ensure that future payments will be made when due.

The State has covenanted that it will not repeal, revoke or rescind the provisions of the State Intercept Act or modify or amend the State Intercept Act so as to limit or impair the rights and remedies granted under the State Intercept Act to purchasers of Higher Education Bonds. The State Intercept Act provides, however, that it will not be deemed or construed to require the State to continue the payment of State assistance to any institution or to limit or prohibit the State from repealing, amending or modifying any law relating to the amount of State assistance to institutions or the manner of payment or the timing thereof. The State Intercept Act further provides that it will not be deemed or construed to create a debt
of the State with respect to any Higher Education Bonds within the meaning of any State constitutional provision or to create any liability except to the extent provided in the State Intercept Act.

An institution may adopt a resolution stating that it will not accept on behalf of the institution payment of principal and interest as provided in the State Intercept Act. If an institution adopts such a resolution, it must be adopted prior to issuance or incurrence of the bonds to which it applies. Following adoption of such a resolution, the institution is to provide written notice to the State Treasurer of its refusal to accept payment. An institution may rescind its refusal to accept payment by written notice of such rescission to the State Treasurer.

The Series 2009 Bonds qualify under the State Intercept Program and the Board has not adopted a resolution stating that it will not accept payment from the State Treasurer under the State Intercept Program with respect to the Series 2009 Bonds. Consequently, the State Intercept Program applies to the payment of the Series 2009 Bonds and the State Treasurer is required to make payment of the principal of and interest on the Series 2009 Bonds, if necessary, as described above. See “APPENDIX B—SUMMARY OF CERTAIN PROVISIONS OF THE MASTER RESOLUTION AND THE FIRST SUPPLEMENTAL RESOLUTION—Payment of Bond Requirements.”

Institutional Enterprise Status of the College and Springing Pledge of Tuition Revenues.

For the Fiscal Year ended June 30, 2009, the College did not qualify as an “enterprise” under the Institutional Enterprise Act because it received more than 10% of its revenues from the State. Consequently, Tuition Revenues are not currently pledged to secure the Series 2009A Bonds, the Series 2009 Bonds or any additional Auxiliary Facilities Revenue Bonds until the College is designated as an enterprise within the meaning of the Institutional Enterprise Act for Fiscal Year 2010. Although it has not yet received a designation as an institutional enterprise from the office of the State auditor and the legislative audit committee for the Fiscal Year ended June 30, 2010, the College anticipates that it will qualify as an institutional enterprise because it anticipates receiving less than 10% of its total annual revenues for this fiscal year from the State. The College expects to be designated as an institutional enterprise within the meaning of the Institutional Enterprise Act after the close of the Fiscal Year ended June 30, 2010.

Once the Board receives the designation from the office of the State auditor and the legislative audit committee of the College as a whole as an institutional enterprise under the Institutional Enterprise Act, Tuition Revenues will be pledged as security for the Series 2009A Bonds and the Series 2009 Bonds, in addition to the Net Revenues, without any further action of the Board. Net Revenues plus Tuition Revenues shall hereinafter be referred to collectively as the “Institutional Enterprise Revenues.” If Tuition Revenues are pledged at a future date to secure the Series 2009A Bonds and the Series 2009 Bonds, the Series 2009A Bonds and the Series 2009 Bonds will then be classified as Institutional Enterprise Revenue Bonds for purposes of the Bond Resolution and will be secured by the Institutional Enterprise Revenues.

Additional Auxiliary Facilities Revenue Bonds and Additional Institutional Enterprise Revenue Bonds

**Parity Auxiliary Facilities Revenue Bonds.** The Bond Resolution reserves to the Board the right, subject to stated conditions, to issue, from time-to-time, additional Auxiliary Facilities Revenue Bonds payable from Net Revenues and secured with a lien thereon on a parity with the lien of the Series 2009 Bonds. Additional Auxiliary Facilities Revenue Bonds may be issued on a parity basis under the Bond Resolution if the following conditions are met:
(a) The Board shall not have defaulted in making any payments to the various funds created in connection with the issuance of the Bonds during the 12 calendar months immediately preceding the issuance of such additional Auxiliary Facilities Revenue Bonds, or, if none of the Bonds have been issued and Outstanding for a period of at least 12 calendar months, for the longest period any of the Bonds have been issued and Outstanding.

(b) The Net Revenues for the Fiscal Year immediately preceding the date of adoption of the Supplemental Resolution or other instrument authorizing the issuance of such additional Auxiliary Facilities Revenue Bonds, adjusted as hereinafter provided, shall have been sufficient to pay an amount of not less than 100% of the Average Annual Debt Service Requirements with respect to all Bonds that will remain Outstanding following the issuance of such additional Auxiliary Facilities Revenue Bonds, including the additional Auxiliary Facilities Revenue Bonds to be issued.

(c) In determining whether or not additional Auxiliary Facilities Revenue Bonds may be issued as aforesaid, there shall be added to the amount determined to be such Net Revenues for such Fiscal Year the amount, if any, estimated by the Board to equal the additional amount the Board expects to derive as a part of the Net Revenues during the first full Fiscal Year following (i) the completion of the additions to, improvements to, betterments of, enlargements of, and extensions of the Facilities (or any combination thereof), to be acquired with the proceeds of such additional Auxiliary Facilities Revenue Bonds; (ii) the approval and imposition of any new fee or the increase of any existing fee relating to the Facilities (or any combination thereof) which fee is pledged to secure the Bonds; or (iii) the inclusion of any additional revenues of the College which will be pledged in connection with the issuance of the additional Auxiliary Facilities Revenue Bonds; provided that such anticipated amount is to be limited to the revenues estimated to be derived from estimated charges for the use of such additional Facilities, the estimated revenues of the new or additional fee or the estimated additional revenues to be pledged. Such Net Revenues shall be increased if any schedule of fee or rate increases shall have been adopted by resolution of the Board during the 12-month period immediately preceding the date of the adoption of the resolution authorizing such additional Auxiliary Facilities Revenue Bonds, by an amount estimated to equal the difference between the Net Revenues actually received by the Board and the Net Revenues which the Board would have received during said 12-month period if the last of any such schedule of fee or rate increases had been in effect during said entire 12-month period. The adjustments provided in this paragraph shall be made by the Board and his/her figures as to the upward adjustment, if any, in Net Revenues as a result of such adjustments shall be conclusively presumed to be accurate.

Parity Institutional Facilities Revenue Bonds. As described above in “—Institutional Enterprise Status of the College and Springing Pledge of Tuition Revenues,” if the Board designates the College as a whole as an institutional enterprise under Institutional Enterprise Status, Tuition Revenues will, without further action by the Board, be pledged to the repayment of the Series 2009 Bonds. Once this occurs, the Series 2009 Bonds will be classified as Institutional Enterprise Revenue Bonds for purposes of the Bond Resolution and will be secured by the Institutional Enterprise Revenues (Net Revenues plus Tuition Revenues). The Bond Resolution reserves to the Board the right, subject to stated conditions, to issue, from time-to-time, additional Institutional Enterprise Revenue Bonds payable from Institutional Enterprise Revenues and secured with a lien thereon on a parity with the prospective lien of the Series 2009 Bonds. Additional Institutional Enterprise Revenue Bonds may be issued on a parity basis under the Bond Resolution if the following conditions are met:

(a) The Board shall not have defaulted in making any payments required by the Bond Resolution during the 12 calendar months immediately preceding the issuance of such
additional Institutional Enterprise Revenue Bonds, or, if none of the Bonds have been issued and Outstanding for a period of at least 12 calendar months, for the longest period any of the Bonds have been issued and Outstanding.

(b) The Institutional Enterprise Revenues for the Fiscal Year immediately preceding the date of adoption of the Supplemental Resolution or other instrument authorizing the issuance of such additional Institutional Enterprise Revenue Bonds, adjusted as hereinafter provided, shall have been sufficient to pay an amount of not less than 100% of the Average Annual Debt Service Requirements with respect to all Bonds that will remain Outstanding following the issuance of such additional Institutional Enterprise Revenue Bonds, including the additional Institutional Enterprise Revenue Bonds to be issued. Such calculation shall be made in accordance with the priority of application of Tuition Revenues set forth in the Master Resolution.

(c) In determining whether or not additional Institutional Enterprise Revenue Bonds may be issued as aforesaid, there shall be added to the amount determined to be such Institutional Enterprise Revenues for such Fiscal Year the amount, if any, estimated by the Board to equal the additional amount the Board expects to derive as a part of the Institutional Enterprise Revenues during the first full Fiscal Year following (i) the completion of the additions to, improvements to, betterments of, enlargements of, and extensions of the Facilities (or any combination thereof), to be acquired with the proceeds of such additional Institutional Enterprise Revenue Bonds; (ii) the approval and imposition of any new fee or the increase of any existing fee relating to the Facilities (or any combination thereof) which fee is pledged to secure the Bonds; or (iii) the inclusion of any additional revenues of the College, including any additional tuition amounts, which will be pledged in connection with the issuance of the additional Institutional Enterprise Revenue Bonds; provided that such anticipated amount is to be limited to the revenues estimated to be derived from estimated charges for the use of such additional Facilities, the estimated revenues of the new or additional fee or the estimated additional revenues to be pledged. Such Institutional Enterprise Revenues shall be increased if any schedule of fee or rate increases shall have been adopted by resolution of the Board during the 12-month period immediately preceding the date of the adoption of the resolution authorizing such additional Institutional Enterprise Revenue Bonds, by an amount estimated to equal the difference between the Institutional Enterprise Revenues actually received by the Board and the Institutional Enterprise Revenues which the Board would have received during said 12-month period if the last of any such schedule of fee or rate increases had been in effect during said entire 12-month period. The adjustments provided in this paragraph shall be made by the Board and his/her figures as to the upward adjustment, if any, in Institutional Enterprise Revenues as a result of such adjustments shall be conclusively presumed to be accurate.

Subordinate Lien Obligations and Special Obligations. The Board also may, without compliance with the requirements described under “—Additional Auxiliary Facilities Revenue Bonds and Additional Institutional Enterprise Revenue Bonds,” issue additional obligations payable from Net Revenues or Institutional Enterprise Revenues, as applicable, and having a lien thereon subordinate, inferior and junior to the lien of the Series 2009 Bonds and/or, subject to certain limitations set forth in the Bond Resolution, special obligation bonds for the payment of which there are pledged (as a separate and independent pledge) revenues derived solely from the particular project acquired with the proceeds of such obligations.

Rate Covenant

The Board has covenanted in the Bond Resolution that, among other matters, while any Bonds are outstanding, and subject to applicable law, it will continue to impose such fees and charges as are
included within the Gross Revenues and will continue the operation and use of the Facilities and the Board will cause to be established and maintained such reasonable fees, rental rates, and other charges for the use of all Facilities as will return annually Gross Revenues sufficient (a) to pay the Prior Auxiliary Bond Obligations (as described herein under the caption “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2009 BONDS—Outstanding Prior Auxiliary Bonds”); (b) to pay any Operation and Maintenance Expenses which are not paid as part of the Prior Auxiliary Bond Obligations; (c) to pay 100% of the annual Debt Service Requirements of the Bonds and any Parity Obligations payable from the Net Revenues; (d) to make deposits, if any, required in the Reserve Fund; and (e) to pay the annual Debt Service Requirements of any obligations payable from the Net Revenues, in addition to the Bonds and any Parity Obligations, including without limitation any reserves required to be accumulated therefor or any reimbursement pursuant to a reserve fund insurance policy, surety bond, financial guaranty agreement and qualified exchange agreement relating thereto, as provided in the Bond Resolution. See “SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION—Rate Covenant” in Appendix B hereeto.

As described above in “—Institutional Enterprise Status of the College and Springing Pledge of Tuition Revenues,” once the College as a whole is designated as an institutional enterprise under the Institutional Enterprise Act, Tuition Revenues will, without further action by the Board, be pledged to the repayment of the Series 2009 Bonds. Once this occurs, the Series 2009 Bonds will be classified as Institutional Enterprise Revenue Bonds for purposes of the Bond Resolution and will be secured by the Institutional Enterprise Revenues (Net Revenues plus Tuition Revenues). The Board has covenanted in the Bond Resolution that, among other matters, while any Institutional Enterprise Revenue Bonds are outstanding, and subject to applicable law, it will continue to impose such fees and charges as are included within the Institutional Enterprise Revenues and will continue the operation and use of the Facilities and the Board will cause to be established and maintained such reasonable fees, rental rates, and other charges for the use of all Facilities as will return annually Institutional Enterprise Revenues sufficient (a) to pay the Prior Auxiliary Bond Obligations (as described herein under the caption “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2009 BONDS—Outstanding Prior Auxiliary Bonds”); (b) to pay any Operation and Maintenance Expenses which are not paid as part of the Prior Auxiliary Bond Obligations; (c) to pay 100% of the annual Debt Service Requirements on the Institutional Enterprise Revenue Bonds and any Parity Institutional Obligations payable from the Institutional Enterprise Revenues; (d) to make deposits, if any, required in the Reserve Fund; and (e) to pay the annual Debt Service Requirements of any obligations payable from the Net Revenues, in addition to the Institutional Enterprise Revenue Bonds and any Parity Institutional Obligations, including without limitation any reserves required to be accumulated therefor or any reimbursement pursuant to a reserve fund insurance policy, surety bond, financial guaranty agreement and qualified exchange agreement relating thereto, as provided in the Bond Resolution. See “SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION—Rate Covenant” in Appendix B hereeto.

INVESTMENT CONSIDERATIONS

General

There are a number of factors affecting institutions of higher education in general, including the College, that could have an adverse effect on the College’s financial position and its ability to make the payments required under the Bond Resolution. These factors include, but are not limited to, the continuing rising costs of providing higher education services; competition for students from other institutions of higher education; the failure to maintain or increase in the future the funds obtained by the College from other sources, including gifts and contributions from donors, grants, or appropriations from governmental bodies and income from investment of endowment funds and operating funds; adverse results from the investment of endowment funds and operating funds; increasing costs of compliance with
federal or State laws or regulations, including, without limitation, laws or regulations concerning environmental quality, work safety and accommodating the disabled; changes in federal governmental policy relating to the reimbursement of overhead costs of government contracts; any unionization of the College’s work force with consequent impact on wage scales and operating costs of the College; and legislation or regulations which may affect student aid and other program funding. The College cannot assess or predict the ultimate effect of these factors on its operations or financial results.

Special, Limited Obligations

The Series 2009 Bonds are special, limited obligations of the Board payable and collectible solely out of the Net Revenues, which are pledged for that purpose to the extent provided in the Bond Resolution. The registered owners of the Series 2009 Bonds may not look to any general or other fund for the payment of the principal of, premium, if any, or interest on the Series 2009 Bonds, except the Net Revenues. The payment of the Series 2009 Bonds will not be secured by an encumbrance, mortgage or other pledge of any property, except the Net Revenues. The Series 2009 Bonds will not constitute or become a debt or indebtedness of the State or the Board within the meaning of any constitutional or statutory provision or limitation and will not be considered or held to be general obligations of the Board, but will constitute its special, limited obligations. The Series 2009 Bonds have a first claim and lien on the Net Revenues, which lien is not necessarily exclusive. The Board has the right, subject to specified conditions, to issue additional Parity Obligations on a parity with the Series 2009 Bonds. The Board also has the right, subject to specified conditions, to issue bonds or other obligations for any legal purpose, including purposes of similar character to those authorized by the Bond Resolution, and to pledge to the payment thereof (as a separate and independent pledge) such revenues as will be derived solely from the particular project financed. See generally “SECURITY AND SOURCE OF PAYMENT FOR THE SERIES 2009 BONDS.”

In the event that Net Revenues pledged to secure the Series 2009 Bonds are insufficient to pay the principal of, premium, if any, or interest on the Series 2009 Bonds, neither the State, the Board nor the College will have any obligation to make such payments, other than pursuant to the State Intercept Program. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2009 BONDS—State Intercept Program.”

Future Facilities Utilization

The amount of Gross Revenues available for the payment of Prior Auxiliary Bonds, Operation and Maintenance Expenses and the payment of debt service on the Series 2009 Bonds will be affected by the future levels of enrollment and utilization of the Auxiliary Facilities System and the rates and charges that the Board can reasonably impose in connection with the use of such Facilities. The availability of alternative facilities at competitive rates may have an adverse impact on the level of utilization of the Auxiliary Facilities System and on the ability of the Board to adjust fees and rates in the future.

Federal Subsidy Payment on the Series 2009C Bonds

The Board intends to elect to designate the Series 2009C Bonds as “Build America Bonds” for the purposes of the Recovery Act and to receive a cash subsidy payment (also referred to herein as the “Federal Direct Payments”) from the United States Treasury equal to 35% of the interest payable on the Series 2009C Bonds. The interest subsidy payments from the U.S. Treasury will be made directly to the Board and, in accordance with the Bond Resolution, the Board is required to deposit the same directly into the Debt Service Fund to be applied solely to the payment of the principal of and interest on the Series 2009C Bonds. Federal Direct Payments received, if any, constitute Gross Revenues, and are pledged to the payment of the Series 2009C Bonds.
The priority of the United States Treasury making the cash subsidy payment is the same as the United States Treasury refunding overpayments of tax. In the event that the Board does not receive the Federal Direct Payments in a timely fashion to pay 35% of the stated interest on each interest payment date, then the Board is obligated to pay such amounts from other Gross Revenues. The Internal Revenue Code of 1986 imposes requirements on the Series 2009C Bonds that the Board must continue to meet after the Series 2009C Bonds are issued in order to receive the Federal Direct Payments. These requirements generally involve the way that Series 2009C Bond proceeds must be invested and ultimately used, and the periodic submission of certain reports. If the Board does not meet these requirements, it is possible that the Board may not receive the Federal Direct Payments. The Board has not covenanted in the Bond Resolution to take the actions necessary to ensure receipt of the Federal Direct Payments. As a result, no assurance is given that the Federal Direct Payments will be received.

The IRS has implemented an examination program for Build America Bonds. While the Board has no particular reason to expect the Series 2009C Bonds will be subject to IRS examination, no assurance can be given that the Series 2009C Bonds will not be selected for a routine or random examination. In the event the IRS files a proposed adverse determination letter as a result of such an examination, announced IRS policy is to suspend payment to the Board of the Build America Bonds’ credit pending a final determination of the qualification of the Series 2009C Bonds. Suspension of the credit payment may result in an impairment of security for the Series 2009C Bonds and adversely affect the Board’s ability to make full and timely payment.

Enforceability of Remedies

The remedies available upon an event of default under the Bond Resolution are in many respects dependent upon regulatory and judicial actions which are often subject to discretion and delay. Under existing law and judicial decisions, the remedies provided for under the Bond Resolution may not be readily available or may be limited. The Series 2009 Bonds may be subject to general principles of equity which may permit the exercise of judicial discretion; are subject to the reasonable exercise in the future by the State and its governmental bodies of the police power inherent in the sovereignty of the State; are subject, in part, to the provisions of the United States Bankruptcy Code and other applicable bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting the enforcement of creditors’ rights generally, now or hereafter in effect; and are subject to the exercise by the United States of the powers delegated to it by the federal Constitution. The various legal opinions to be delivered concurrently with the delivery of the Series 2009 Bonds will be qualified to the extent that the enforceability of certain legal rights related to the Series 2009 Bonds is subject to limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally and by equitable remedies and proceedings generally.

TABOR Amendment

TABOR limits the ability of the State and local governments such as the Board to increase revenues, debt and spending and restricting property taxes, income taxes and other taxes. TABOR excepts from its restrictions the borrowings and fiscal operations of “enterprises,” which term is defined to include government-owned businesses authorized to issue their own revenue bonds and receiving under 10% of their revenues in grants from all State and local governments of the State combined. The College received more than 10% of its revenues in the form of State and government grants, and, therefore, it did not qualify as an enterprise under the Institutional Enterprise Statute in Fiscal Year 2008. No assurance can be given as to if, or when, the College will again qualify as an enterprise. [Currently, the College qualifies as an enterprise under the Institutional Enterprise Statute and is no longer subject to TABOR.]
State Constitutional Amendment

At the general election held November 3, 1992, the voters of the State approved an amendment (the “Amendment”) to the Colorado Constitution limiting the ability of the State and local governments such as the Board to increase revenues, debt and spending and restricting property taxes, income taxes and other taxes. The Amendment excepts from its restrictions the borrowings and fiscal operations of “enterprises,” which term is defined to include government–owned businesses authorized to issue their own revenue bonds and receiving under 10% of their revenues in grants from all Colorado state and local governments combined. The Board anticipates the College will be designated as an “enterprise” within the meaning of the Amendment for Fiscal Year ended June 30, 2010.

Secondary Market

There is no guarantee that a secondary market will develop for the Series 2009 Bonds. Consequently, prospective purchasers of the Series 2009 Bonds should be prepared to hold their Series 2009 Bonds to maturity or prior redemption. Subject to applicable securities laws and prevailing market conditions, the Underwriter intends but is not obligated to make a market in the Series 2009 Bonds. The College’s failure to comply with the undertaking to provide ongoing disclosure may adversely affect the transferability and liquidity of the Series 2009 Bonds and their market price. See “CONTINUING DISCLOSURE UNDERTAKING”

Future Changes in Laws

Various State laws and constitutional provisions, including the Act, apply to the operation of the Auxiliary Facilities System, the imposition and collection of student fees and the financing of the Board’s operations in general. Other State and federal laws, constitutional provisions and regulations apply to the obligations created by the issuance of the Series 2009 Bonds. There is no assurance that there will not be any change in, interpretation of or addition to applicable laws, provisions and regulations which would have a material effect, directly or indirectly, on the Board. For an explanation of recent legislative changes in the State funding system for Colorado institutions of higher education, see “CERTAIN FINANCIAL INFORMATION—State Related Funding.”

Limitations on State Intercept Program

The State Intercept Program is a program created by statute to provide assistance to State-supported institutions of higher education in accordance with the provisions of the State Intercept Act. Pursuant to the State Intercept Act, the State covenants to owners of bonds issued by institutions that it will not repeal, revoke or rescind the provisions of the State Intercept Act or modify or amend it so as to limit the rights granted by the State Intercept Act, except that nothing in the State Intercept Act shall be deemed or construed to require the State to continue the payment of State assistance to any institution or to limit or prohibit the State from repealing, amending, or modifying any law relating to the amount of State assistance to institutions or the manner of payment or the timing thereof. The State has not obligated itself to guarantee that in any year there are sufficient legally available moneys to fund the State Intercept Program.

Damage or Destruction of the Facilities

The Board insures the Auxiliary Facilities System against certain risks. The Bond Resolution requires that the buildings and facilities of the Auxiliary Facilities System will be insured in the aggregate to the greater of (a) the principal amount of all Bonds from time-to-time Outstanding; or (b) the full
replacement value thereof, by a combination of self-insurance by the State and a policy or policies of insurance issued by a responsible insurance company or companies authorized and qualified under the laws of the State to assume the risks thereof. There can be no assurance that the amount of insurance required to be obtained with respect to the Auxiliary Facilities System will be adequate or that the cause of any damage or destruction to the Auxiliary Facilities System will be as a result of a risk which is insured. Further, there can be no assurance of the ongoing creditworthiness of the insurance companies with which the Board obtains insurance policies. Damage or destruction of the Auxiliary Facilities System, may impair the Board’s ability to generate sufficient Revenues.

Environmental Regulation

The Auxiliary Facilities System is subject to various federal, state and local laws and regulations governing health and the environment. In general, these laws and regulations could result in liability to the Board as the owner of the Auxiliary Facilities System for remediating adverse environmental conditions on or relating to the Auxiliary Facilities System, whether arising from pre-existing conditions or conditions arising as a result of the activities conducted in connection with the ownership and operation of the Auxiliary Facilities System. Costs incurred by the Board with respect to environmental remediation or liability could adversely impact its financial condition and its ability to own and operate the Auxiliary Facilities System and its ability to produce Revenues.

Broker-Dealer Risks

Persons who purchase the Series 2009 Bonds through broker-dealers become creditors of the broker-dealer with respect to the Series 2009 Bonds. Records of the investor’s holdings are maintained only by the broker-dealer and the investor. In the event of the insolvency of the broker-dealer, the investor would be required to look to the broker-dealer’s estate, and to any insurance maintained by the broker-dealer, to make good the investor’s loss.

Risk of Loss Upon Redemption

The rights of the registered owners of the Series 2009 Bonds to receive interest will terminate on the date, if any, on which the Series 2009 Bonds are to be redeemed pursuant to a call for redemption, notice of which has been given under the terms of the Bond Resolution.

THE NET REVENUES

Generally

The obligation of the Board to pay the principal of and interest on the Series 2009 Bonds is limited to the Net Revenues received by the Board annually. As a result, the ultimate ability of the Board to make payments on the Series 2009 Bonds depends on the operations of the Facilities from or in connection with which the Net Revenues are derived. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2009 BONDS.” This section includes certain information regarding the related operations of the Facilities which produces the Gross Revenues, as well as historical information about Operation and Maintenance Expenses which will be deducted as a second charge against Gross Revenues.

Net Revenues are calculated by determining the Gross Revenues less (a) any Prior Auxiliary Bond Obligations, and (b) any Operation and Maintenance Expenses not paid as Prior Auxiliary Bond Obligations. Further information about each of these categories of revenues and expenditures is provided below:
**Gross Revenues.** The following income, revenues and fees have been included in Gross Revenues:

(a) all income and revenues derived by the College from the Facilities;

(b) all revenues derived from the Student Fees (which includes that portion of the College Service Fee attributable to certain of the Facilities and the Capital Construction Debt Service Fee);

(c) all revenues accruing to the College from continuing education; and

(d) such other income, fees and revenues as the Board hereafter determines, by resolution and without further consideration from the owners of the Bonds, to include in Gross Revenues, pursuant to law then in effect and not in conflict with the provisions and limitations of the Master Resolution or any Supplemental Resolution.

**Operation and Maintenance Expenses.** Operation and Maintenance Expenses are defined by the Resolution generally to be all reasonable and necessary current expenses of the College, paid or accrued, of operating, maintaining and repairing the Facilities, and shall include, without limiting the generality of the foregoing, legal and incidental expenses of the various departments within the College directly related and reasonably allocable to the administration of the Facilities, insurance premiums, the reasonable charges of any paying agent or depositary bank, contractual services, professional services required by the Bond Resolution, salaries and administrative expenses, labor, and all costs incurred by the Board in the collection of Gross Revenues, but shall not include any allowance for depreciation and other non-cash, non-acrual accounting adjustments, any internal charges for administrative overhead, any costs of reconstructions, improvements, extensions or betterments, any accumulation of reserves for capital replacements, any reserves for operation, maintenance or repair of any Facilities, any allowance for the redemption of any bond or other security evidencing a loan or the payment of any interest thereon, and any legal liability not based on contract.

**Revenues of the Facilities**

Pursuant to the provisions of TABOR and the provisions of the Auxiliary Enterprise Act, the Board has designated certain self-supporting auxiliary facilities and operations as an enterprise. The following facilities comprise the Facilities under the Bond Resolution:

(a) the student or faculty housing facilities, student or faculty dining facilities, recreational facilities, student activities facilities, continuing education facilities or activities, College bookstore, and student or faculty parking facilities of the College, including all improvements, extensions, enlargements or betterments thereto or replacement thereof; and

(b) all revenue-producing facilities related to the operation of the College, the income of which the Board hereafter determines, by resolution and without further consideration from the owners of the Bonds, to pledge to the payment of Bonds, pursuant to law then in effect and not in conflict with the provisions and limitations of the Resolution, rather than with a separate and independent pledge of revenues; but

(c) such term does not include, unless hereafter determined by the Board by resolution and pursuant to law then in effect, any facilities that were or will be built with moneys appropriated to Adams State College or to the Board by the State.
The Facilities also include all other auxiliary facilities which are financed by the Series 2009 Bonds or any Additional Bonds. The Net Revenues from the Facilities are available for payment of the Series 2009A Bonds and the Series 2009 Bonds. The overall operations of the College may impact the Facilities and as a result, the Net Revenues available for payment of the Series 2009A Bonds and the Series 2009 Bonds. See “INVESTMENT CONSIDERATIONS” and “CERTAIN FINANCIAL INFORMATION.” The facilities comprising the Facilities under the Bond Resolution are described in further detail in the following sections.

The Student Housing System

General. The College operates three residence halls and six apartment complexes, with a total budgeted capacity for approximately 706 students in the residence halls and 379 in the apartment complexes. Of the 1,027 beds on the College campus that are available for student occupancy, 939 (91%) are being utilized during the Fall 2009 semester. Freshman and sophomores are required to live on campus unless they meet certain criteria which grant them exempt status. Examples of these criteria include living within the San Luis Valley or being 21 years of age or older.

Resident Halls and Apartment Complexes. Coronado Hall is comprised of 122 suites. Fifty-one (51) suites are currently offline due to remodeling. Each suite is made up of a common entry, two bedrooms, and a private bathroom. Students reside in both single and double arrangements with a premium price for singles. Girault Hall is comprised of 101 rooms evenly dispersed on four floors that utilize a common bathroom on each floor. Students reside in both single and double arrangements with a premium price for singles. Conour Hall is comprised of 48 rooms evenly dispersed on three floors that share a common bathroom on each floor. Conour Hall offers only single rooms at a premium price. McCurry/Moffatt/Petteys Halls are comprised of 57 three-bedroom apartments, 2 two-bedroom apartments, and 4 faculty offices. Each student has their own private bedroom while sharing a common living room space, kitchen, and 1 ½ baths. Houtchens Hall is comprised of 30 two-bedroom apartments. Each student has their own private bedroom while sharing a common living room space, kitchen, and bathroom. Faculty Drive is comprised of 74 two-bedroom and six three-bedroom apartments with living room, kitchen, and bathroom.

All residence hall and apartment rates include all utilizes, expanded basic cable television, local telephone service, wireless internet, and Ethernet jacks in every student room. Each dorm room is furnished with a twin bed, wardrobe with chest insert, desk, and desk chair. The apartment common area is furnished with kitchen appliances oven/stove, refrigerator, island or dining set, couch, and/or chairs. The individual bedrooms have a double bed, wardrobe or closet, desk, and desk chair.

The following table provides information concerning each of the College-owned housing facilities:
### Student Housing System—Facilities

<table>
<thead>
<tr>
<th>Building Name</th>
<th>Gross Square Footage</th>
<th>Current Value</th>
<th>Year Built</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conour Hall</td>
<td>20,047</td>
<td>$4,835,363</td>
<td>1961</td>
</tr>
<tr>
<td>Coronado Hall</td>
<td>101,976</td>
<td>22,704,782</td>
<td>1968</td>
</tr>
<tr>
<td>Faculty Drive #1-13</td>
<td>35,014</td>
<td>7,434,286</td>
<td>1958</td>
</tr>
<tr>
<td>Faculty Drive #14-20</td>
<td>18,405</td>
<td>3,995,409</td>
<td>1960</td>
</tr>
<tr>
<td>Girault Hall</td>
<td>34,377</td>
<td>7,959,431</td>
<td>1957</td>
</tr>
<tr>
<td>Houtchens Hall</td>
<td>22,404</td>
<td>6,007,053</td>
<td>1962</td>
</tr>
<tr>
<td>McCurry Hall</td>
<td>24,288</td>
<td>6,464,979</td>
<td>1962</td>
</tr>
<tr>
<td>Moffatt Hall</td>
<td>24,288</td>
<td>6,464,979</td>
<td>1962</td>
</tr>
<tr>
<td>Petteys Hall</td>
<td>16,934</td>
<td>4,150,945</td>
<td>1958</td>
</tr>
<tr>
<td>Savage Hall</td>
<td>24,288</td>
<td>6,464,979</td>
<td>1962</td>
</tr>
</tbody>
</table>

Source: Davis Partnership, Existing Auxiliary Facilities Condition Audit January 12, 2009.

**Capacity and Occupancy Rates.** Housing options for family living and apartment-style accommodations have occupancy rates in the 82%-100% range. While the occupancy rate at Girault Hall is currently 83%, this dorm has outdated furnishings and the lack of private bathrooms. The College plans to utilize proceeds from the Series 2010 Bonds to model Girault Hall to include semi-private bathrooms and renovated finishes and furnishings.

The residence halls are also rented out during the summer months through the College’s Guest Services Department. They host numerous athletic camps, non-profit organizations, and College sponsored groups. The apartment complexes house College summer students and family students who reside year-round.

The following table reflects the capacity and occupancy level of each of the College-owned housing units for Fall 2009.

### Student Housing System—Capacity and Occupancy

<table>
<thead>
<tr>
<th></th>
<th>Men</th>
<th>Women</th>
<th>Family</th>
<th>Total</th>
<th>Capacity</th>
<th>% Occupied</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conour Hall</td>
<td>50</td>
<td>22</td>
<td>0</td>
<td>72</td>
<td>88</td>
<td>82%</td>
</tr>
<tr>
<td>Coronado Hall*</td>
<td>170</td>
<td>180</td>
<td>0</td>
<td>350</td>
<td>380</td>
<td>92%</td>
</tr>
<tr>
<td>Faculty Drive #1-20</td>
<td>0</td>
<td>0</td>
<td>77</td>
<td>77</td>
<td>80</td>
<td>96%</td>
</tr>
<tr>
<td>Girault Hall</td>
<td>82</td>
<td>79</td>
<td>0</td>
<td>161</td>
<td>194</td>
<td>83%</td>
</tr>
<tr>
<td>Houtchens Hall</td>
<td>16</td>
<td>34</td>
<td>5</td>
<td>55</td>
<td>55</td>
<td>100%</td>
</tr>
<tr>
<td>McCurry Hall</td>
<td>33</td>
<td>38</td>
<td>0</td>
<td>71</td>
<td>71</td>
<td>100%</td>
</tr>
<tr>
<td>Moffatt Hall</td>
<td>29</td>
<td>20</td>
<td>7</td>
<td>56</td>
<td>58</td>
<td>97%</td>
</tr>
<tr>
<td>Pettys Hall</td>
<td>15</td>
<td>16</td>
<td>0</td>
<td>31</td>
<td>32</td>
<td>97%</td>
</tr>
<tr>
<td>Savage Hall</td>
<td>40</td>
<td>25</td>
<td>1</td>
<td>66</td>
<td>69</td>
<td>96%</td>
</tr>
</tbody>
</table>

Source: Adams State College, Office of Auxiliary Operations

*105 beds not available due to construction

**Food Service and Meal Plans.** Students living in the College-owned single-student housing are required to enroll in the College’s meal plan. The meal plan offers flexibility for students based on how
many meals per week they choose to eat at the College dining hall. Typically only a small percentage of students living off campus choose to purchase a meal plan. The College’s forward-looking budget projections do not assume increased dining revenues from off-campus students.

The College administration has developed new scholarship programs and policy changes designed to stimulate housing occupancy and grow the number of meal plan subscribers. The Grizzly Partnership housing scholarship for graduates from high schools in the surrounding 11 counties is designed to increase the number of locals living on campus. For the Fall 2009 semester, this scholarship helped to increase the number of local students living on campus from 46 to 133. An upperclassmen housing scholarship targeting students who have completed 60 or more credit hours is geared toward boosting apartment occupancy. Finally, in addition to adding new sports programs, the College’s new policy on institutional athletic scholarships requires student athletes who receive any College funded athletic scholarship to live on campus. These initiatives are aimed at increasing the number of junior and senior students living on campus, substantially decreasing the vacancy rate while only marginally increasing operating expenses. These policy changes resulted in a 143 student increase (18%) in on campus housing.

**Rates and Charges.** The following table sets forth the rates and charges for the College’s housing system and related dining facilities for the past five Fiscal Years:

### Student Housing System—Rates Schedule

<table>
<thead>
<tr>
<th></th>
<th>Rate Per Student FY 2005-06</th>
<th>Rate Per Student FY 2006-07</th>
<th>Rate Per Student FY 2007-08</th>
<th>Rate Per Student FY 2008-09</th>
<th>Current Rate Per Student</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Food Service</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>19 Meal Plan+Flexi Dollars</td>
<td>$1,460</td>
<td>N/A</td>
<td>N/A</td>
<td>$1,760</td>
<td>$1,830</td>
</tr>
<tr>
<td>15 Meal Plan+$125 Flexi Dollars</td>
<td>1,460</td>
<td>$1,510</td>
<td>$1,570</td>
<td>1,660</td>
<td>1,730</td>
</tr>
<tr>
<td>9 Meal Plan+$200 Flexi Dollars</td>
<td>1,460</td>
<td>1,510</td>
<td>1,570</td>
<td>1,660</td>
<td>1,730</td>
</tr>
<tr>
<td><strong>Housing</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Single Student</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Coronado Hall—Double</td>
<td>$1,580</td>
<td>$1,645</td>
<td>$1,710</td>
<td>$1,730</td>
<td>$1,780</td>
</tr>
<tr>
<td>Coronado Hall—Single</td>
<td>1,995</td>
<td>2,075</td>
<td>2,075</td>
<td>2,080</td>
<td>2,130</td>
</tr>
<tr>
<td>Conour &amp; Girault Halls</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Double</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>1,560</td>
<td>1,600</td>
</tr>
<tr>
<td>Single</td>
<td>1,800</td>
<td>1,800</td>
<td>1,800</td>
<td>1,910</td>
<td>1,950</td>
</tr>
<tr>
<td>Other Halls and Apartments</td>
<td>1,900</td>
<td>1,975</td>
<td>1,975</td>
<td>1,975</td>
<td>2,030</td>
</tr>
<tr>
<td><strong>Married Student</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 Bedroom Apt.</td>
<td>415</td>
<td>435</td>
<td>440</td>
<td>440</td>
<td>455</td>
</tr>
<tr>
<td>3 Bedroom Apt.</td>
<td>450</td>
<td>470</td>
<td>475</td>
<td>475</td>
<td>490</td>
</tr>
<tr>
<td><strong>Faculty Houses</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>450</td>
<td>470</td>
<td>475</td>
<td>490</td>
<td>490</td>
</tr>
</tbody>
</table>

Source: Adams State College, Office of Auxiliary Services

The following table sets forth the historical revenues, expenditures, and net operating income for the College’s housing system and related dining facilities for the past five Fiscal Years:
Student Housing System—Historical Revenues, Expenditures and Net Operating Income

<table>
<thead>
<tr>
<th></th>
<th>FY 2005</th>
<th>FY 2006</th>
<th>FY 2007</th>
<th>FY 2008</th>
<th>FY 2009 ¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food Service Revenues</td>
<td>$1,077,277</td>
<td>$1,305,759</td>
<td>$1,386,272</td>
<td>$1,463,476</td>
<td>$1,540,828</td>
</tr>
<tr>
<td>Food Service Expenditures</td>
<td>736,602</td>
<td>836,713</td>
<td>821,094</td>
<td>923,562</td>
<td>958,414</td>
</tr>
<tr>
<td>Food Service Net Operating Income</td>
<td>$340,675</td>
<td>$469,046</td>
<td>$565,178</td>
<td>$539,914</td>
<td>582,414</td>
</tr>
<tr>
<td>Housing Revenues</td>
<td>$2,719,508</td>
<td>$2,828,210</td>
<td>$3,072,333</td>
<td>$3,072,751</td>
<td>$3,088,098</td>
</tr>
<tr>
<td>Housing Expenditures</td>
<td>2,295,944</td>
<td>2,501,051</td>
<td>2,573,085</td>
<td>2,615,897</td>
<td>2,454,986</td>
</tr>
<tr>
<td>Housing Net Operating Income</td>
<td>$423,564</td>
<td>$327,159</td>
<td>$499,248</td>
<td>$456,854</td>
<td>633,112</td>
</tr>
<tr>
<td>Total Student Housing System Revenues</td>
<td>$3,796,785</td>
<td>$4,133,969</td>
<td>$4,458,605</td>
<td>$4,536,227</td>
<td>$4,628,926</td>
</tr>
<tr>
<td>Total Student Housing Expenditures</td>
<td>3,032,546</td>
<td>3,337,764</td>
<td>3,394,179</td>
<td>3,539,459</td>
<td>3,413,400</td>
</tr>
<tr>
<td>Total Student Housing Net Operating Income</td>
<td>$ 764,239</td>
<td>$ 796,205</td>
<td>$1,064,426</td>
<td>$ 996,768</td>
<td>$1,215,526</td>
</tr>
</tbody>
</table>

¹ Unaudited.
Source: Adams State College, Office of Auxiliary Services

The Student Union

The Student Union was constructed in 1960 with a gross square footage of 95,759. The Student Union is located in the center of the College’s campus and houses the dining center, mail room, one-stop center, admissions office, welcome center, equal opportunity office, bookstore, convenience store, media center, student life center, 24-hour computer lab, student senate, and a host of lounges and meeting rooms for teachers, students, and community members. The Student Union underwent major renovations to the first floor of the building in 1996. This renovation provided new dining facilities, banquet rooms, a student life center, central mailroom, bookstore, and new finishes and furnishings throughout. The College’s food service provider, Sodexo, provided $20,000 in 2003 for new cabinets and equipment for the La Mesa Dining Room and Jazzman’s Café. In the dining room, a new dessert station was added along with a four-burner grill. In 2008, the food court seating area was remodeled with new finishes/furnishings and the addition of a new franchise restaurant, resulting in a total of $64,000 in capital improvements provided to the College by Sodexo.

The following table sets forth the revenues and expenditures for the Student Union for the past five Fiscal Years. This table includes revenues from the Student Union portion of the College Service Fee which is pledged for repayment of the Series 2009 Bonds. See “THE NET REVENUES—Pledged Student Fees” herein.
Student Union—Historical Revenues and Expenditures

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenues</th>
<th>Expenditures</th>
<th>Net Operating Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>$614,354</td>
<td>$308,187</td>
<td>$306,167</td>
</tr>
<tr>
<td>2006</td>
<td>645,455</td>
<td>391,290</td>
<td>254,165</td>
</tr>
<tr>
<td>2007</td>
<td>641,433</td>
<td>363,676</td>
<td>277,757</td>
</tr>
<tr>
<td>2008</td>
<td>616,368</td>
<td>367,555</td>
<td>248,813</td>
</tr>
<tr>
<td>2009</td>
<td>629,288</td>
<td>353,606</td>
<td>275,682</td>
</tr>
</tbody>
</table>

1 Unaudited.
Source: Adams State College, Office of the Vice President of Finance and Administration

The Rex Activity Center and Outdoor Adventure Program

The Rex Activity Center. The Rex Activity Center is designed to meet the health and fitness needs of students and faculty. All activity areas in the building are available to students on an unrestricted basis with the exception of those times reserved for non-academic aerobic classes, climbing wall clinics, workshops, and special events. The facility includes a basketball/volleyball court, racquetball courts, aerobic/dance studio, climbing wall, weight training and cardiovascular areas, and men’s and women’s locker rooms. Operations and maintenance of the Rex Activity Center are fully funded by student fees, which Rex Activity Center student fees are pledged for repayment of the Series 2009 Bonds as a portion of the College Service Fee. See “THE NET REVENUES—Pledged Student Fees” herein.

Student Life and the Outdoor Adventure Program. Associated with the Rex Center are the Student Life Programs and Outdoor Adventure Programs of the College. The Student Life programs incorporate more than 40 student clubs and organizations including student government, student media and intramural sports. The Outdoor Adventure Program is the 3rd oldest collegiate outfitter in the nation, having been established in 1925. The program provides opportunities to experience the outdoors through many types of outdoor activities in all seasons. In the Spring of 2007, the program revamped its trip program to include an optimum balance of challenging, educational and fun activities in the wilderness setting. The Rex Activity Center and the associated Outdoor Adventure Program generate revenue to augment programming and support capital construction debt service.

The following table sets forth on a combined basis the revenues, expenditures and net operating income after expenses for the Rex Activity Center and the Outdoor Program for the past five Fiscal Years.
Rex Activity Center and Outdoor Adventure Program
Historical Revenues, Expenditures and Net Operating Income

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenues</th>
<th>Expenditures</th>
<th>Net Operating Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>$240,476</td>
<td>$131,529</td>
<td>$108,947</td>
</tr>
<tr>
<td>2006</td>
<td>261,674</td>
<td>132,050</td>
<td>129,624</td>
</tr>
<tr>
<td>2007</td>
<td>266,955</td>
<td>156,487</td>
<td>110,468</td>
</tr>
<tr>
<td>2008</td>
<td>264,979</td>
<td>156,248</td>
<td>108,731</td>
</tr>
<tr>
<td>2009</td>
<td>273,226</td>
<td>180,605</td>
<td>92,621</td>
</tr>
</tbody>
</table>

1 Unaudited.
Source: Adams State College, Office of the Vice President of Finance and Administration

Parking Facilities

The College has six designated parking lots and parking areas located on the campus. The total capacity for parking on the College’s campus is 850 vehicles legally parked. These parking spaces are owned and operated by the College as part of the Facilities. The table below sets forth the revenues for the past five Fiscal Years:

Parking Facilities—Historical Revenues

<table>
<thead>
<tr>
<th>Year</th>
<th>Gross Revenues</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>$41,011</td>
</tr>
<tr>
<td>2006</td>
<td>36,568</td>
</tr>
<tr>
<td>2007</td>
<td>59,955</td>
</tr>
<tr>
<td>2008</td>
<td>64,432</td>
</tr>
<tr>
<td>2009</td>
<td>54,123</td>
</tr>
</tbody>
</table>

1 Unaudited.
Source: Office of the Vice President of Finance and Administration, Adams State College

Pledged Student Fees

Generally. The Student Fees pledged as part of Net Revenues for repayment of the Series 2009 Bonds include (a) the portion of the College Service Fee attributable to the use and availability of the Student Union and the Rex Activity Center, and (b) the Capital Construction Debt Service Fee.

College Service Fee. The College Service Fee is a mandatory student fee imposed against and collected from each student enrolled for the designated minimum number of credit hours per academic term at the College. The College Service Fee is assessed in an amount fixed from time-to-time by the College and approved by the Board. The College Service Fee is made up of several components and raises revenue for various facilities, programs and services of the College. The percentage of each component relative to the total College Service Fee is as follows: AS&F Senate (9.37%), Communications (5.18%), Fine Arts and Humanities Drama (1.19%), Music Activities (2.18%), Art Activities (0.67%), Cross Cultural Center (0.65%), Recreational Facilities (0.91%), Athletics (35.37%), Grizzly Activity Board (5.81%), Student Union (23.59%), Outdoor Adventure Program (0.71%) and Rex Activity Center (14.37%). Of these, a total of 45.33% of the College Service Fee, allocable to the Cross
Cultural Center, the Recreational Facilities, the Student Union, the Outdoor Adventure Program and the Rex Activity Center portions of the College Service Fee, are part of the Net Revenues pledged for repayment of the Series 2009 Bonds.

The table below reflects the total per student College Service Fee amounts for the past five Fiscal Years.

### Per Student College Service Fee

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Full-time—College Service Fee</td>
<td>$299.25</td>
<td>$325.00</td>
<td>$333.00</td>
<td>$384.00</td>
<td>$420.00</td>
</tr>
<tr>
<td>Part-time 1—College Service Fee</td>
<td>20.35</td>
<td>22.15</td>
<td>22.70</td>
<td>32.00</td>
<td>32.00</td>
</tr>
</tbody>
</table>

1 Per credit hour.

Source: Adams State College, Office of the Vice President of Finance and Administration

The following table reflects revenues received from the components of the College Service Fee pledged for repayment of debt service for the last five Fiscal Years.

### Pledged Student Fee Revenues

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Student Union Fee</td>
<td>$312,567</td>
<td>$346,624</td>
<td>$344,478</td>
<td>$329,772</td>
<td>$325,612</td>
</tr>
<tr>
<td>Rex Activity Fee</td>
<td>210,484</td>
<td>230,510</td>
<td>230,315</td>
<td>223,845</td>
<td>217,793</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$523,051</strong></td>
<td><strong>$577,134</strong></td>
<td><strong>$574,793</strong></td>
<td><strong>$553,617</strong></td>
<td><strong>$543,405</strong></td>
</tr>
</tbody>
</table>

Source: Adams State College, Office of the Vice President for Finance and Administration

**Capital Construction Debt Service Fee.** Following an approving vote of the College’s student body in March, 2008, the Board at its May 9, 2008 meeting approved a new mandatory Capital Construction Debt Service Fee to support the remodeling and construction of new and existing facilities for student housing, student recreation and academic buildings at the College. Buildings anticipated to be remodeled, partially remodeled or refurbished, include, but are not limited to: the Education and Social Sciences Building, the Music Building, Plachy Hall, Rex Field, Leon Memorial, Coronado Hall, Pettys Hall, Moffatt Hall, Houtchens Hall, Savage Hall, Faculty Drive Apartments, and McCurry Hall. Full time fees for undergraduate students are assessed at 12 credit hours. No additional fees are assessed to undergraduate students taking in excess of 12 credit hours. The Capital Construction Debt Service Fee is implemented for Fiscal Year 2010 at an original level of $14.55 per credit hour. The Capital Construction Debt Service Fee is scheduled to increase annually until 2018, at which time it will be capped at $97.00 per credit hour. The table below is a summary of the Capital Construction Debt Service Fee schedule, expected billable credit hours and expected annual revenues from the Capital Construction Debt Service Fee for the Fiscal Years 2010 through 2018.
### Capital Construction Debt Service Fee Pro-Forma *

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Fee Per Credit Hour</th>
<th>Billable Credit Hours</th>
<th>Anticipated Fee Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>$14.55</td>
<td>$44,585</td>
<td>$648,535</td>
</tr>
<tr>
<td>2011</td>
<td>22.62</td>
<td>44,585</td>
<td>1,008,525</td>
</tr>
<tr>
<td>2012</td>
<td>31.26</td>
<td>44,585</td>
<td>1,393,714</td>
</tr>
<tr>
<td>2013</td>
<td>40.50</td>
<td>44,585</td>
<td>1,805,866</td>
</tr>
<tr>
<td>2014</td>
<td>50.40</td>
<td>44,585</td>
<td>2,246,870</td>
</tr>
<tr>
<td>2015</td>
<td>60.98</td>
<td>44,585</td>
<td>2,718,743</td>
</tr>
<tr>
<td>2016</td>
<td>72.30</td>
<td>44,585</td>
<td>3,223,647</td>
</tr>
<tr>
<td>2017</td>
<td>84.42</td>
<td>44,585</td>
<td>3,763,895</td>
</tr>
<tr>
<td>2018</td>
<td>97.00</td>
<td>44,585</td>
<td>4,324,755</td>
</tr>
</tbody>
</table>

* Subject to change.

Source: Adams State College, Office of the Vice President for Finance and Administration

**Assessment of Student Fees.** The Student Fees are regularly evaluated by the Associated Student Government and the Vice President of Finance and Administration. Recommendations for changes in fees require approval by the Board and can be amended at any time by the Board so long as they comply with the Colorado Commission of Higher Education Student Fee policy and State statutes. The Student Fees have historically been in place for operational purposes and will continue as long as the facility is operational.

**Continuing Education (Extended Studies) Program**

Adams State College Extended Studies delivers many of the same high-quality courses and programs offered on campus using the flexibility of distance delivery. Adams State College Extended Studies connects with more than 15,000 students, with more than 25,000 enrollments, and 1,400 Adams State and affiliate faculty globally to provide quality learning and teaching opportunities. From personal enrichment courses to distance degree programs, Extended Studies offers educational opportunities to fit a wide range of student needs. The delivery methods include face-to-face, online, video, and print-based courses designed to make learning more convenient and relevant for all types of learners. The following table sets forth the historical revenues, expenditures and net operating income for the College’s continuing education program:
### Continuing Education (Extended Studies)—Historical Revenues, Expenditures and Net Operating Income

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenues</th>
<th>Expenditures</th>
<th>Net Operating Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>$3,110,021</td>
<td>$2,635,796</td>
<td>$474,225</td>
</tr>
<tr>
<td>2006</td>
<td>3,855,152</td>
<td>3,040,643</td>
<td>814,509</td>
</tr>
<tr>
<td>2007</td>
<td>4,115,170</td>
<td>3,687,914</td>
<td>427,256</td>
</tr>
<tr>
<td>2008</td>
<td>4,777,884</td>
<td>4,611,526</td>
<td>166,358</td>
</tr>
<tr>
<td>2009</td>
<td>5,930,769</td>
<td>5,254,253</td>
<td>676,516</td>
</tr>
</tbody>
</table>

1 Decrease reflects an investment by the College in personnel staffing and technology for new programs.

Source: Adams State College, Office of the Vice President of Finance and Administration

### Historical Net Revenues Available for Debt Service

The Series 2009 Bonds are payable solely from Net Revenues. The following table sets forth certain financial information regarding the Net Revenues of the Facilities for the past five Fiscal Years (as such items would have been reported for Fiscal Year 2005 through 2009 if the Bond Resolution had been in effect during that period). This information has been compiled by the College from past financial statements of the College, and should be read together with the financial statements of the College attached as Appendix A hereto.
Adams State College
Historical Net Revenues Available for Debt Service
For Fiscal Years Ended June 30, 2005 through 2009
For Fiscal Year Ended June 30

Operating Revenue

<table>
<thead>
<tr>
<th>FY 05</th>
<th>FY 06</th>
<th>FY 07</th>
<th>FY 08</th>
<th>FY 09</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food Service Income</td>
<td>$1,077,277</td>
<td>$1,305,759</td>
<td>$1,386,272</td>
<td>$1,463,476</td>
</tr>
<tr>
<td>Bookstore Sales</td>
<td>1,381,295</td>
<td>1,348,143</td>
<td>1,317,965</td>
<td>1,294,718</td>
</tr>
<tr>
<td>College Center Revenue</td>
<td>301,787</td>
<td>298,831</td>
<td>296,955</td>
<td>286,596</td>
</tr>
<tr>
<td>College Center Student Fee Revenue</td>
<td>312,567</td>
<td>346,624</td>
<td>344,478</td>
<td>329,772</td>
</tr>
<tr>
<td>Housing Revenue</td>
<td>2,719,508</td>
<td>2,828,210</td>
<td>3,072,333</td>
<td>3,072,751</td>
</tr>
<tr>
<td>Rex Activity Center Revenue</td>
<td>10,132</td>
<td>7,837</td>
<td>7,913</td>
<td>6,913</td>
</tr>
<tr>
<td>Rex Activity Center Fee Revenue</td>
<td>210,484</td>
<td>230,510</td>
<td>230,315</td>
<td>223,845</td>
</tr>
<tr>
<td>Outdoor Adventure Program</td>
<td>19,860</td>
<td>23,327</td>
<td>28,727</td>
<td>34,221</td>
</tr>
<tr>
<td>Parking</td>
<td>41,011</td>
<td>36,568</td>
<td>59,955</td>
<td>64,432</td>
</tr>
<tr>
<td>Extended Studies</td>
<td>3,110,021</td>
<td>3,855,152</td>
<td>4,115,170</td>
<td>4,777,884</td>
</tr>
<tr>
<td>Total Operating Revenue</td>
<td>$9,183,942</td>
<td>$10,280,961</td>
<td>$10,860,083</td>
<td>$11,554,608</td>
</tr>
</tbody>
</table>

Expenditures

<table>
<thead>
<tr>
<th>FY 05</th>
<th>FY 06</th>
<th>FY 07</th>
<th>FY 08</th>
<th>FY 09</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food Service</td>
<td>$ 736,602</td>
<td>$ 836,713</td>
<td>$ 821,094</td>
<td>$ 923,562</td>
</tr>
<tr>
<td>Bookstore</td>
<td>1,334,111</td>
<td>1,253,855</td>
<td>1,237,295</td>
<td>1,274,605</td>
</tr>
<tr>
<td>College Center</td>
<td>308,187</td>
<td>391,290</td>
<td>363,676</td>
<td>367,555</td>
</tr>
<tr>
<td>Housing</td>
<td>2,295,944</td>
<td>2,501,051</td>
<td>2,573,085</td>
<td>2,615,897</td>
</tr>
<tr>
<td>Rex Activity Center</td>
<td>101,939</td>
<td>110,738</td>
<td>126,983</td>
<td>121,076</td>
</tr>
<tr>
<td>Outdoor Adventure Program</td>
<td>29,590</td>
<td>21,312</td>
<td>29,504</td>
<td>35,172</td>
</tr>
<tr>
<td>Parking</td>
<td>42,873</td>
<td>45,388</td>
<td>44,773</td>
<td>65,370</td>
</tr>
<tr>
<td>Extended Studies</td>
<td>2,635,796</td>
<td>3,040,643</td>
<td>3,687,914</td>
<td>4,611,526</td>
</tr>
<tr>
<td>Total Operating Expenditures</td>
<td>$7,485,042</td>
<td>$8,200,990</td>
<td>$8,884,324</td>
<td>$10,014,763</td>
</tr>
</tbody>
</table>

Net Income Before Debt Service

<table>
<thead>
<tr>
<th>FY 05</th>
<th>FY 06</th>
<th>FY 07</th>
<th>FY 08</th>
<th>FY 09</th>
</tr>
</thead>
<tbody>
<tr>
<td>$7,698,900</td>
<td>$2,079,971</td>
<td>$1,975,759</td>
<td>$1,539,845</td>
<td>$2,242,550</td>
</tr>
</tbody>
</table>

1 Table does not reflect: (a) Tuition Revenues which may be pledged on a springing basis to pay debt service on the Series 2009 Bonds if the College is designated an institutional enterprise; (b) the Capital Construction Debt Service Fee imposed beginning in Fiscal Year 2009 and pledged to pay debt service on the Series 2009 Bonds; or (c) debt service on the Prior Auxiliary Bonds paid in Fiscal Years 2005 through 2009.

2 Unaudited.

Source: Adams State College, Office of the Vice President of Finance and Administration

Projected Debt Service Coverage Assuming Springing Pledge of Tuition Revenues in 2010

The College has not been designated an “enterprise” under the Institutional Enterprise Act because it received more than 10% of its revenues from the State and consequently, Tuition Revenues have not been initially pledged to secure the Series 2009 Bonds. However, for the Fiscal Year ended June 30, 2010, the College anticipates that it will qualify as an institutional enterprise because it anticipates receiving less than 10% of its total annual revenues for this fiscal year from the State, and the College expects to be designated as an institutional enterprise within the meaning of the Institutional Enterprise Act after the close of the Fiscal Year ended June 30, 2010.

Assuming the occurrence of this designation for Fiscal Year 2010 and the springing pledge of Tuition Revenues to pay debt service on the Series 2009 Bonds, the Institutional Enterprise Revenues that would be available for debt service for Fiscal Year 2010 are projected by the College to be equal to approximately $[4,514,525] (comprised of approximately (a) $[648,535] of the Capital Construction Debt Service Fee revenues; (b) $1,771,032 of Tuition Revenues, (c) $[1,594,958] of Net Revenues (after payment of Operation and Maintenance Expenses, and (d) $[500,000] of Net Revenues from the
College’s continuing education/extended studies program). Such $[4,514,525] of Institutional Enterprise Revenues provide 2.54x debt service coverage when measured against the anticipated debt service of the Series 2009 Bonds in Fiscal Year 2010 (net of capitalized interest and the Federal Direct Payments on the Series 2009C Bonds) of $[1,777,000] and __________x debt service coverage when measured against the maximum annual debt service of the Series 2009 Bonds in FY ________ of $[_____________].

The projections in the preceding paragraph may vary from the College’s actual results in generating revenues and no guarantee is made that the College will be designated as an institutional enterprise within the meaning of the Institutional Enterprise Act after the close of the Fiscal Year ended June 30, 2010. See “FORWARD-LOOKING STATEMENTS” herein.

ADAMS STATE COLLEGE

While the obligation of the Board to pay the principal of and interest on the Series 2009 Bonds is limited to the Net Revenues received by the Board annually (see “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2009 BONDS” and “THE NET REVENUES”), it is important for prospective purchasers to analyze not only the Auxiliary Facilities System and the Net Revenues anticipated to be received therefrom, but also the financial and overall status of the College and the ability of the College to maintain and support the Auxiliary Facilities System. This Section and the following Section have been included to provide prospective purchasers with information relating to such matters.

Generally

Adams State College was founded as Adams Normal School in 1921. The College was founded by former Colorado governor William Adams, whose goal was to educate teachers for remote, rural areas, such as the San Luis Valley of southern Colorado. Since its inception, the College has prided itself on its students’ and faculty’s dedication, perseverance and intellectual curiosity.

Although Alamosa is located in the San Luis Valley, approximately a five hours’ drive from Denver, the College was influenced by the social change that marked the 1950s, 1960s and 1970s. In the early fifties, in anticipation of increasing college enrollments from the baby boom generation, the College initiated a 10-year building program, during which the majority of the campus’ current facilities were constructed. The College’s enrollment grew from 349 in 1950 to over 2,000 fifteen years later. By 1975, Adams State College had greatly broadened its range of programs, and no longer defined itself as only a teaching college.

Today, Adams State College offers undergraduate degrees in 16 disciplines and maintains graduate programs in four areas of study. As State-funded financial support has decreased, the College has focused on improving operating efficiency and has succeeded in funding many programs on its own. Nearly all non-academic services are now funded through the College’s auxiliary services, which do not depend on State support. The campus consists of more than 50 buildings, and maintains total full-time equivalent enrollment at approximately 2,200 undergraduate and graduate students.

Until June 30, 2003, Adams State College was a member of the State Colleges of Colorado. As a member of this State organization, the College was governed by the Board of Trustees of the State Colleges in Colorado. The other colleges in the system were Mesa State College (“Mesa”), Metropolitan State College of Denver (“MSCD”) and Western State College (“Western”). During the 2002-2003 academic year, there were approximately 24,000 full-time equivalent students in the State Colleges of Colorado system. Mesa, MSCD and Western have approximately 4,600, 14,900 and 2,100 FTE students respectively, while the College maintains an FTE enrollment of approximately 2,200 students. The four State Colleges of Colorado shared audited financials until Fiscal Year 2003.
The Board of Trustees for Adams State College

Since July 2003, the governance of the Adams State College has been vested in the Board of Trustees for Adams State College (the “Board”), a body corporate composed of nine persons appointed by the Governor and confirmed by the Colorado Senate for four-year terms. In addition to the nine voting board members, there are two persons, including a student representative and an elected representative of the faculty government, who serve as non-voting members. Both voting and non-voting members serve without compensation, although they may be reimbursed for expenses incurred in carrying out their duties.

Current members of the Board, their principal occupations or affiliations and terms are as follows:

<table>
<thead>
<tr>
<th>Voting Members</th>
<th>Principal Occupation</th>
<th>End of Term</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tim Walters, Chair</td>
<td>Real Estate Appraiser - President, Walters and Associates</td>
<td>2010</td>
</tr>
<tr>
<td>Anne Rice, Vice Chair</td>
<td>Attorney – Retired</td>
<td>2012</td>
</tr>
<tr>
<td>Tim Bachicha</td>
<td>Certified Public Accountant</td>
<td>2010</td>
</tr>
<tr>
<td>Gigi Darricades, Esq.</td>
<td>Attorney - Darricades and Associates</td>
<td>2011</td>
</tr>
<tr>
<td>Ramon Montoya</td>
<td>Colorado State Employee – Retired</td>
<td>2010</td>
</tr>
<tr>
<td>Bruce Oreck</td>
<td>Attorney – Oreck, Crighton, Adams &amp; Chase</td>
<td>2011</td>
</tr>
<tr>
<td>Charles Scoggin, M.D.</td>
<td>Chairman, President, and CEO of Sagemed, Inc.</td>
<td>2009</td>
</tr>
<tr>
<td>Stephen A. Valdez</td>
<td>Manager, City Market – Alamosa</td>
<td>2009</td>
</tr>
<tr>
<td>Mary Griffin</td>
<td>Attorney</td>
<td>2012</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Non-Voting Members</th>
<th>Affiliations</th>
<th>End of Term</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tim Armstrong, Ph.D.</td>
<td>Faculty Trustee</td>
<td>2009</td>
</tr>
<tr>
<td>Robin Pryor</td>
<td>Student Trustee</td>
<td>2010</td>
</tr>
</tbody>
</table>

Administrative Staff

The administrative officers and employees of the College who are most directly involved in the financial operation and general administration of the College, and their principal occupations during at least the past five years, are as follows:

**Dr. David Svaldi, President.** Dr. Svaldi was appointed president of Adams State College in June, 2006, after serving as Acting and Interim President since July 2005. Svaldi is in his 23rd year at Adams State, having joined the faculty as an associate professor of communications in 1986. He served as Provost of the college from 2002-06. He was named Vice President for Academic Affairs in June, 1998, after filling the post on an interim basis for one year. From 1993-95, he was an administrative intern in the Academic Affairs office, and during the 1996-97 academic year was an ACE Fellow at University of Wyoming. ACE (American Council of Education) Fellows are selected through a highly competitive national program designed to groom leadership for higher education. Svaldi earned a Ph.D. in Communication Studies from Northwestern University in 1983, and master’s and bachelor’s degrees from University of Northern Colorado in 1972 and 1970, respectively. In 1968, he completed an Associate of Arts degree at Mesa State College, which honored him with a 2004 Distinguished Alumnus Award.
Dr. Svaldi began his academic career in 1972 at Washburn University of Topeka and subsequently held faculty appointments at Northwestern University, Eastern Illinois University and West Georgia College. While at the College, Dr. Svaldi has been promoted to Full Professor of Communications and was active on Faculty Service Committees and in faculty governance. Dr. Svaldi has also served as an Acting Department Chair and Assistant Vice President for Academic Affairs.

Dr. Michael Mumper, Provost. Dr. Mumper joined the senior staff of the college in July of 2007. He brings a wealth of leadership skills and experience with him from his position as Associate Provost for Graduate Studies at Ohio University. As Provost, Mumper is second in command at Adams State, with responsibility for campus operations in the president’s absence. Following graduation from Adams State in 1976, Mumper earned an M.A. in political science at Arizona State University in 1978. In 1986 he completed his Ph.D. in government and politics at University of Maryland-College Park. His dissertation was entitled, National Policy-Making for College Student Assistance: A Network Analysis. At Ohio University, he received the Jeanette Grisselli Outstanding Teaching Award in 1993-94, University Professor in 1991-92, and Outstanding Teacher Award in 1990-91.

Bill Mansheim, Vice President for Finance and Administration. Mr. Mansheim joined the College staff on April 7, 2003 as the College’s chief financial officer and overseer of the offices of Business and Finance, Human Resources, Facilities Services, and Computing Services. Prior to coming to the College, he had been a financial analyst with the Colorado Commission on Higher Education (“CCHE”). Prior to joining the CCHE, Mansheim spent a decade in a series of progressively responsible positions with the Colorado Department of Corrections. His most recent position was Assistant Director of Correctional Services, Clinical Services, to which he was appointed in January 2001. As a member of the Department’s budget office and as the CFO of the Clinical Services Division, he prepared, presented and defended the annual budget request and associated documents to the Governor’s Office of State Planning and Budget and the Joint Budget Committee. A native of Salida, Colorado, Mr. Mansheim earned a B.S. in business administration from the University of Colorado in 1985.

William J. Schlaufman, CPA, Controller. Mr. Schlaufman has served as Controller of Adams State College since September 2004. He is responsible for the payroll, accounts payable and accounting functions of the College. He also maintains the College’s accounting information on the Colorado state accounting system (“COFRS”). He prepares all required state and federal reports and monthly and year-end financial statements. Mr. Schlaufman is a member of the Higher Education Policy Setting Group and a member of the Higher Education Financial Advisory Committee. Prior to joining the College, Mr. Schlaufman was the Controller and Manager of Accounting of the Colorado Student Loan Program, also known as College Access Network and College Assist. Prior to that, Mr. Schlaufman was employed by the Community College of Denver System as an Accountant. Mr. Schlaufman holds a Bachelor of Science in Business, with an emphasis in Accounting and a Master of Business Administration, with an emphasis in Finance, both from the University of Colorado.

Kenneth Marquez, Dean of Student Affairs. Mr. Marquez has over 22 years of service to student services beginning at Adams State College in 1987 through 1994 while he worked for the Department of Housing. He worked at Northern Arizona University in Flagstaff for six years as an Area Coordinator for their housing department. He served as the Associate Director of Housing at Adams State College for two years before becoming the Director of Housing and Residence Life in May 2002. In July of 2006 he was appointed to serve as the Dean of Student Affairs which is the position he currently holds today. Mr. Marquez earned his B.A. in Psychology in 1987 from Adams State College and an M.A. in Guidance and Counseling in 1994 from Adams State College. As Dean of Student Affairs, Mr. Marquez provides leadership for Auxiliary Services, Counseling and Career Center, TRIO Programs - Upward Bound and Student Support Services, ASC Police Department, Student Life - Adventure Programs,
Student Activities, Intramural and Recreation Center, Associated Students and Faculty - Student government.

**Frank Novotny, Associate Provost of Academic Affairs.** Dr. Novotny joined Adams State College in 1993 as a member of the Chemistry Department. He served as Chair of Chemistry from 1999-2002 and assumed the role of Assistant Provost of Academic Affairs full-time starting January 2004. Dr. Novotny has received over $1,000,000 in extramural funding while at the College, twice has been awarded exemplary status recognition from his peers, and was the Colorado Association of Science Teachers outstanding College faculty in 1998. He holds a B.S. in Chemistry and Biology from St. Norbert College and a Ph.D. in Analytical/Environmental Chemistry from South Dakota State University.

**Don Johnston, Associate Provost for Graduate Studies.** Dr. Johnston joined ASC in fall 2008. Dr. Johnston came to ASC with a background of 25 years in the health services industry and 12 years in higher education. He holds a BS in Health Facility Management, a MS in Health Education, and a PhD. in Educational Leadership with an emphasis in Health Administration Leadership. Prior to joining ASC, Dr. Johnston served as Chair of the Health Administration Department and Dean of the Division of Professional Studies at Chapman University College.

**Dr. Diana Wenzel, Associate Provost for Extended Studies.** Dr. Wenzel joined Adams State College in 2007 as Chief Academic and Assessment Officer. She assumed the role of Associate Provost for Extended Studies in 2008. Dr. Wenzel holds a B.A. in Elementary Education from Wartburg College, a M.Ed. degree in Educational Administration from Texas A&M University, and a Ph.D. in Educational Administration from Texas A&M University.

**Eric J. Carpio, Director of Admissions.** Mr. Carpio has been in his current role since March 2005. Prior to his current position, Eric was the director of admissions at Florida State University Panama City and an admissions counselor at the University of Southern Colorado. Eric is an advocate for access to higher education and has been an active member of the Colorado Council on High School/College Relations, the Colorado ACT Assembly, the National Hispanic Institute (NHI), and other community and service organizations. Mr. Carpio is a Colorado native and has a B.S. from Colorado State University and an M.A. from Adams State College.

**Bruce Del Tondo, Director of Auxiliary Services.** Mr. Del Tondo has over 14 years of service within student affairs beginning at Adams State College in 1994 while working for the Department of Housing. Most recently, he served a combined four years as the Assistant Director of Housing and Assistant Director of Auxiliary Services. In July of 2006, he was appointed by Adam State College President, Dr. David Svaldi to serve as the Director of Auxiliary Services, which is the position he currently holds today. Mr. Del Tondo earned his B.A. in Business Administration/Secondary Education in 1994 from Adams State College and an M.A. in Health, Physical Education, Recreation (HPER) in 2005 from Adams State College.

**Employees and Employee Benefits**

The following table sets forth certain information as to employees of the College:
Historical Employee Data

<table>
<thead>
<tr>
<th>Year (Fall Semester)</th>
<th>Tenured Faculty</th>
<th>Academic Faculty&lt;sup&gt;1&lt;/sup&gt;</th>
<th>Other Employees&lt;sup&gt;2&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>53</td>
<td>104</td>
<td>225</td>
</tr>
<tr>
<td>2006</td>
<td>56</td>
<td>108</td>
<td>225</td>
</tr>
<tr>
<td>2007</td>
<td>53</td>
<td>112</td>
<td>295</td>
</tr>
<tr>
<td>2008</td>
<td>55</td>
<td>110</td>
<td>274</td>
</tr>
<tr>
<td>2009</td>
<td>52</td>
<td>106</td>
<td>247</td>
</tr>
</tbody>
</table>

<sup>1</sup> Includes tenured faculty.

<sup>2</sup> Excludes graduate assistants, post doctoral fellows, student hourly and temporary non-student hourly employees and temporary and special faculty.

Source: Adams State College, Office of the Vice President of Finance and Administration

On September 10, 1993 the Board of Trustees adopted an Optional Retirement Plan ("ORP") for faculty and exempt-administrative staff, under the authority of Senate Bill 92-127. The implementation date was May 1, 1994; eligible employees were offered the choice of remaining in PERA or participating in the ORP. New faculty and administrative staff members are required to enroll in the ORP unless they have one year or more service credit with PERA at the date of hire.

The ORP is a defined contribution pension plan with three vendors, Fidelity Investments, TIAA-CREFF and VALIC, providing a range of investment accounts for participants. The institution’s contribution to the ORP is 11.4% of covered payroll and contributions by employees is 8% of covered payroll. The College’s contributions to the ORP for the Fiscal Years ending June 30, 2008, 2007, 2006, 2005, and 2004 were $1,010,057, $928,749, $832,719, $750,702, and $679,443. respectively. These contributions were equal to the required contributions for each year. All ORP contributions are immediately vested in the employee’s account. Normal retirement for the ORP is age 65 with early retirement permitted at age 55. Benefits available to the employee at retirement are not guaranteed and are determined by contributions and decisions made by participants for their individual investment accounts.

Academic Programs

Since its founding in 1921 as a teacher’s college for rural Colorado, Adams State has always made important contributions in the arena of education. The Regional Education Provider designation now clearly directs the college to focus resources, energy, and vision on identifying and meeting the needs of the San Luis Valley and Colorado.

This role brings together the programs offered both on campus and through distance-education programs. Adams State’s residential campus in Alamosa is at the heart of this mission. The on-campus experience gives students an education that has been recognized statewide for excellence, in a campus setting that is dynamic, supportive, and offers diverse opportunities for involvement and leadership. Students receive supportive mentoring and individual attention, due to small class sizes and a faculty committed to superior classroom teaching. Students are encouraged to become involved in the campus community, and are given the latitude to discover their strength.

Adams State’s strong on-campus programs are the basis for its off-campus and distance-education programs. Through a combination of off-campus and distance (via Extended Campus) programs, Adams
State offers graduate degrees in education, counseling, history, and coaching. By using online, correspondence, and various site delivery methods, Adams State, through Extended Campus, also offers undergraduate degree programs in business, sociology, and English as well as professional development and non-credit courses at a distance. With multiple delivery methods, Adams State is better able to serve the changing needs of students, including traditional, place bound, and adult learners.

Academic Departments and Enrollment

<table>
<thead>
<tr>
<th>Department</th>
<th>Undergrad</th>
<th>Graduate</th>
<th>Total</th>
<th>Percentage of Total Enrollment (Fall Semester, 2009)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arts</td>
<td>73</td>
<td>13</td>
<td>86</td>
<td>2.8%</td>
</tr>
<tr>
<td>Biology</td>
<td>185</td>
<td></td>
<td>185</td>
<td>5.9</td>
</tr>
<tr>
<td>Business Administration</td>
<td>457</td>
<td>47</td>
<td>504</td>
<td>16.2</td>
</tr>
<tr>
<td>Chemistry</td>
<td>83</td>
<td></td>
<td>83</td>
<td>2.7</td>
</tr>
<tr>
<td>Counseling</td>
<td>250</td>
<td></td>
<td>250</td>
<td>8.0</td>
</tr>
<tr>
<td>Earth Sciences/Geology</td>
<td>46</td>
<td></td>
<td>46</td>
<td>1.5</td>
</tr>
<tr>
<td>English/Communications</td>
<td>119</td>
<td></td>
<td>119</td>
<td>3.8</td>
</tr>
<tr>
<td>History/Government/Philosophy</td>
<td>144</td>
<td>31</td>
<td>175</td>
<td>5.6</td>
</tr>
<tr>
<td>Human Performance &amp; Physical Education</td>
<td>205</td>
<td>45</td>
<td>250</td>
<td>8.0</td>
</tr>
<tr>
<td>Interdisciplinary Studies</td>
<td>17</td>
<td></td>
<td>17</td>
<td>0.5</td>
</tr>
<tr>
<td>Mathematics (includes Computer Sci)</td>
<td>81</td>
<td></td>
<td>81</td>
<td>2.6</td>
</tr>
<tr>
<td>Music</td>
<td>89</td>
<td></td>
<td>89</td>
<td>2.9</td>
</tr>
<tr>
<td>Nursing</td>
<td>107</td>
<td></td>
<td>107</td>
<td>3.4</td>
</tr>
<tr>
<td>Physics</td>
<td>7</td>
<td></td>
<td>7</td>
<td>0.2</td>
</tr>
<tr>
<td>Psychology</td>
<td>135</td>
<td></td>
<td>135</td>
<td>4.3</td>
</tr>
<tr>
<td>Sociology</td>
<td>92</td>
<td></td>
<td>92</td>
<td>3.0</td>
</tr>
<tr>
<td>Spanish (Foreign Lang)</td>
<td>21</td>
<td></td>
<td>21</td>
<td>0.7</td>
</tr>
<tr>
<td>Teacher Education</td>
<td>265</td>
<td>278</td>
<td>543</td>
<td>17.4</td>
</tr>
<tr>
<td>Theatre</td>
<td>61</td>
<td></td>
<td>61</td>
<td>2.0</td>
</tr>
</tbody>
</table>

Admissions Standards and Enrollment Policy

Admission to the College is open to residents and non-residents of the State on a competitive basis and in accordance with the admissions standards described below. Priority for admission is given to applicants who satisfy certain criteria relating to high school grade point average and standardized tests. Pursuant to House Bill 1187, the CCHE adopted admissions standards for the College, as well as for all other public higher education four-year institutions in the State. The CCHE admissions policy established admission standards for both first-time freshmen and transfer students. Implementation of the CCHE policy began in the Fall 1987. The CCHE policy provides that CCHE will review the relevant data concerning this policy annually to determine if changes in the standards and/or the implementation schedule are appropriate. The College has implemented the CCHE admissions standards applicable to its freshmen and transfer students.

With regard to first-time freshmen students, the CCHE standards utilize a single scale for evaluating the achievement records of such students, referred to as the index. The scale incorporates measures of standardized test scores, high school class rank, and high school grade point average. Under the CCHE policy, however, individual institutions may make admission decisions based on other criteria as well, including high school curriculum, special talents and experiences. The CCHE standards require that a percentage of first-time freshmen admitted to the College must meet the CCHE admissions index. However, first-time freshmen applicants who meet the CCHE admissions index are not guaranteed
admission to the College. The CCHE policy provides that the College may admit first-time freshmen students who do not meet the CCHE admissions index, but who meet other criteria, up to number not to exceed 20% of the admitted pool of students. The purpose of this “window” is to provide the College greater flexibility in recognizing promising students who do not meet these particular numerical standards, but who the College believes will succeed.

With respect to transfer students, the CCHE established standards for admission based on the grade point average from previous collegiate work, transfer hours, and high school record that have been fully implemented by the Institutions. The CCHE policy provides that the College may admit transfer students who do not meet the CCHE admission standards, but who meet other criteria, up to a number not to exceed 20% of the admitted pool of transfer students.

The average academic qualifications of new freshmen at the College for the past five years are as follows:

<table>
<thead>
<tr>
<th>Year (Fall Term)</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentile of High School Class</td>
<td>52%</td>
<td>49%</td>
<td>49%</td>
<td>54%</td>
<td>53%</td>
</tr>
<tr>
<td>Combined ACT Scores</td>
<td>19</td>
<td>19</td>
<td>19</td>
<td>19</td>
<td>19</td>
</tr>
<tr>
<td>SAT English Scores</td>
<td>490</td>
<td>470</td>
<td>465</td>
<td>480</td>
<td>480</td>
</tr>
<tr>
<td>SAT Math Scores</td>
<td>505</td>
<td>480</td>
<td>480</td>
<td>490</td>
<td>480</td>
</tr>
<tr>
<td>High School Grade Point Average</td>
<td>3.0</td>
<td>3.0</td>
<td>2.92</td>
<td>2.98</td>
<td>2.97</td>
</tr>
</tbody>
</table>

Source: Adams State College, Office of Institutional Research & Assessment, 2009, Common Data Set

Student Body and Enrollment

For the academic years ending 2005-2006 through 2009-2010, the College targeted an overall annual full-time equivalent (“FTE”) enrollment of [4,000] FTE. This number includes both State supported and cash funded FTE as shown in the tables below. While the College is still working to achieve this enrollment goal, the net income per FTE has improved dramatically due to an effort to increase the College’s tuition rate to maximize per-student revenue. The College also endeavors to maintain a close knit community of faculty and students with a student-to-faculty ratio of 15:1 and the goal is to maintain this ratio moving forward.

In the Fall of 2003 and 2004, the College experienced small freshman classes which have had a negative impact on enrollment for 4 to 5 years as these students progress toward graduation. To reverse this trend, the administration has replaced the leadership in the admissions and recruitment office. The new leadership has stabilized the department and implemented several new initiatives that have produced more first-time full-time freshman.

The College has also implemented several undergraduate admissions/recruitment initiatives in an effort to grow enrollment. In March 2008, a transfer coordinator position was created to expand recruitment of community college students and enhance communication and coordination with community college counselors. In June 2008, a customer relationship management software package modernized the College’s recruiting functions, providing the admissions staff with powerful web-based tools and a real-time customizable web portal for prospective students. The College has established partnerships with online college search websites to increase referrals for potential students and has established a scholarship for graduates from high schools in the surrounding 11 counties. It has a social
networking initiative on Facebook, an awareness campaign in the Denver area through outdoor and radio advertising, a recruitment campaign targeting California residents utilizing alumni relationships, online advertising, email communication, and a new online application tool to help increase the speed and efficiency of application processing, all in an effort to gradually increase the profile of its incoming students.

Non-admissions initiatives include the establishment of online graduate degree programs in counselor education, humanities with an emphasis in history, and a MBA program with three areas of emphasis. In Fall 2009, the College expanded its athletic offerings by adding men’s soccer, women’s lacrosse, cheerleading, and men’s and women’s swimming.

To date, the College has experienced an increasing number of applications (reflection of student interest) over the past 5 years. For the fall 2009 semester, the College received 13% more freshman applications and 9% more enrolled freshmen than at the same time last year. In Fall 2009, the College had the largest freshman class in recent history, as well as one of the most academically competitive class as measured by grade point average and standardized test scores. In addition, out-of-state recruiting efforts from 2007-2009 have yielded significant increases in non-resident incoming students over prior years.

<table>
<thead>
<tr>
<th>Academic Year</th>
<th>Undergraduate 2</th>
<th>Graduate 3</th>
<th>Total FTE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Resident</td>
<td>Non-Resident</td>
<td>Resident</td>
</tr>
<tr>
<td>2005-2006</td>
<td>1,551</td>
<td>230</td>
<td>382</td>
</tr>
<tr>
<td>2006-2007</td>
<td>1,485</td>
<td>215</td>
<td>337</td>
</tr>
<tr>
<td>2007-2008</td>
<td>1,440</td>
<td>257</td>
<td>263</td>
</tr>
<tr>
<td>2008-2009</td>
<td>1,383</td>
<td>262</td>
<td>263</td>
</tr>
<tr>
<td>2009-2010</td>
<td>1,540</td>
<td>271</td>
<td>295</td>
</tr>
</tbody>
</table>

1. The overall downward trend in State supported enrollment is due to a concerted effort by the College to raise tuition rates to maximize per student net revenue. These enrollment declines have been more than offset by additional net revenue per student.
2. The downward undergraduate enrollment trend can also be partially attributed to small freshman classes in Fall 2003 (525 FTE) and Fall 2004 (479 FTE). These small classes have a negative impact on overall enrollment for 4 to 5 years. Strong freshman classes from Fall 2005 through Fall 2008, which average 672 FTE, will help reverse the downward trend in undergraduate enrollment.
3. The downward trend in graduate State supported programs can be attributed to a reduction in Federal grants that provided graduate education scholarship aid.
4. 2009-2010 enrollment is an estimate based on fall 2009 actual enrollment and historical fall to spring retention rates.
Source: Adams State College, Office of Vice President of Finance and Administration
Historical Enrollment Statistics
Cash Funded Extended Studies Program

<table>
<thead>
<tr>
<th>Academic Year</th>
<th>Undergraduate</th>
<th>Graduate</th>
<th>Total FTE</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005-2006</td>
<td>396</td>
<td>1,354</td>
<td>1,750</td>
</tr>
<tr>
<td>2006-2007</td>
<td>412</td>
<td>1,281</td>
<td>1,693</td>
</tr>
<tr>
<td>2007-2008</td>
<td>407</td>
<td>1,376</td>
<td>1,783</td>
</tr>
<tr>
<td>2008-2009</td>
<td>459</td>
<td>1,542</td>
<td>2,001</td>
</tr>
<tr>
<td>2009-2010</td>
<td>459</td>
<td>1,542</td>
<td>2,001</td>
</tr>
</tbody>
</table>

1 Cash funded extended studies programs are priced the same for resident and non-resident students, therefore residency is not tracked by the College.

2 Cash graduate program growth due to focused effort by the College to shift graduate program development away from State supported graduate program as State and Federal dollars have declined.

3 2009-2010 assumes flat enrollment

Source: Adams State College, Office of Vice President of Finance and Administration

Historical Enrollment Statistics
Adams State College Total Enrollment

<table>
<thead>
<tr>
<th>Academic Year</th>
<th>Undergraduate</th>
<th>Graduate</th>
<th>Total FTE</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005-2006</td>
<td>2,177</td>
<td>1,752</td>
<td>3,929</td>
</tr>
<tr>
<td>2006-2007</td>
<td>2,112</td>
<td>1,632</td>
<td>3,743</td>
</tr>
<tr>
<td>2007-2008</td>
<td>2,104</td>
<td>1,657</td>
<td>3,760</td>
</tr>
<tr>
<td>2008-2009</td>
<td>2,109</td>
<td>1,811</td>
<td>3,920</td>
</tr>
<tr>
<td>2009-2010</td>
<td>2,270</td>
<td>1,877</td>
<td>4,147</td>
</tr>
</tbody>
</table>

Source: Adams State College, Office of Vice President of Finance and Administration

Historical Tuition and Fee Information

Tuition at the College is divided into two basic categories, depending upon residency in the State. The table below provides information as to the annual tuition and fees for undergraduate students at the College for the 2004-05 through 2008-09 academic years. See “—Student Body and Enrollment” under this caption. The student tuition amount shown herein is adjusted from student tuition as reported in the Adams State College’s audited financial statements for the Fiscal Year ended June 30, 2008 and the unaudited financial statement for the Fiscal Year ended June 30, 2009, by certain fees, tuition waivers and scholarship allowance amounts that do not appear as separate line items in the College’s 2008 audit.
### Historical Tuition and Fees

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Colorado Resident</th>
<th>Non-Colorado Resident</th>
<th>Fees</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>$7,176,203</td>
<td>$1,381,298</td>
<td>$1,871,063</td>
</tr>
<tr>
<td>2006</td>
<td>11,900,823</td>
<td>1,387,978</td>
<td>2,262,980</td>
</tr>
<tr>
<td>2007</td>
<td>12,234,828</td>
<td>1,970,812</td>
<td>2,201,735</td>
</tr>
<tr>
<td>2008</td>
<td>12,702,471</td>
<td>2,666,061</td>
<td>2,552,442</td>
</tr>
<tr>
<td>2009 1</td>
<td>13,355,228</td>
<td>2,893,722</td>
<td>2,964,099</td>
</tr>
</tbody>
</table>

\(^1\)Unaudited.

Source: Adams State College, Office of the Vice President of Finance and Administration

The College increased both its Colorado resident tuition as well as the non-resident tuition for Fiscal Years 2008 and 2009. The following tables reflect both the absolute dollar amount change in published tuition as well as the percentage change for undergraduate and graduate student.

### Undergraduate Students

<table>
<thead>
<tr>
<th>Academic Year</th>
<th>Resident</th>
<th>Percent Increase</th>
<th>Non-Resident</th>
<th>Percent Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005-2006</td>
<td>$2,853</td>
<td>--</td>
<td>$9,123</td>
<td>--</td>
</tr>
<tr>
<td>2006-2007</td>
<td>2,925</td>
<td>2.5%</td>
<td>9,351</td>
<td>2.5%</td>
</tr>
<tr>
<td>2007-2008</td>
<td>3,466</td>
<td>18.5</td>
<td>10,810</td>
<td>15.6</td>
</tr>
<tr>
<td>2008-2009</td>
<td>3,790</td>
<td>9.4</td>
<td>11,686</td>
<td>8.1</td>
</tr>
<tr>
<td>2009-2010</td>
<td>4,454</td>
<td>17.5</td>
<td>13,598</td>
<td>16.4</td>
</tr>
</tbody>
</table>

Source: Adams State College, Office of the Vice President of Finance and Administration

Full time Undergraduate = 30 credit hours per year

### Graduate Students

<table>
<thead>
<tr>
<th>Academic Year</th>
<th>Resident</th>
<th>Percent Increase</th>
<th>Non-Resident</th>
<th>Percent Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005-2006</td>
<td>$3,873</td>
<td>--</td>
<td>$11,697</td>
<td>--</td>
</tr>
<tr>
<td>2006-2007</td>
<td>3,967</td>
<td>2.4%</td>
<td>11,983</td>
<td>2.5%</td>
</tr>
<tr>
<td>2007-2008</td>
<td>4,354</td>
<td>9.8</td>
<td>12,778</td>
<td>6.6</td>
</tr>
<tr>
<td>2008-2009</td>
<td>4,750</td>
<td>9.1</td>
<td>13,798</td>
<td>8.0</td>
</tr>
<tr>
<td>2009-2010</td>
<td>7,550</td>
<td>59.0</td>
<td>14,246</td>
<td>3.3</td>
</tr>
</tbody>
</table>

Source: Adams State College, Office of the Vice President of Finance and Administration

Full time Graduate = 18 credit hours per year

Of the 12 institutions of higher learning that receive State appropriations from the General Assembly, only one other college (Colorado School of Mines) receives more money per resident full time equivalent than the College. See “—State Appropriations” under this caption. With this high level of commitment from the State, the College is able to require a tuition that is among the lowest of any public college or university in the State. See “—Competition for Students” under this caption.

In Fiscal Year 2008, the College did not qualify as an “enterprise” within the meaning of the Institutional Enterprise Statute because it received more than 10% of its revenues from the State.
Consequently, the Tuition Revenues cannot and will not be pledged to secure the Series 2009 Bonds or any additional Auxiliary Facilities Revenue Bonds (as defined below) unless and until the College is designated as an enterprise within the meaning of the Institutional Enterprise Statute. The College currently knows of no reason why it will not be designated as an enterprise within the meaning of the Institutional Enterprise Statute as of June 30, 2010. However, the College makes no assurances that such designation will occur on June 30, 2010 or at any point in the future.

**Competition for Students**

The College competes with many other colleges and universities for qualified applicants. The College believes that decisions of students to apply and enroll at the College are based primarily on the perceived quality of the academic programs offered, the related cost, the reputation of the institution and the availability of financial assistance. The College’s ability to compete for students also is influenced by requirements and restrictions imposed on it by the State. See “CERTAIN FINANCIAL INFORMATION—State Appropriations.”

In cases of overlapping acceptances, the College believes that its most significant competitors for mutually accepted candidates, when the cost factor alone is considered, are the institutions included in the table below. The following table reflects the reported average total charges for undergraduate resident tuition and general fees at each of those institutions for academic year 2008-2009.
# Tuition and Fees for the College and Competitive Institutions

## Academic Year 2008-2009

**Ranked by Total Cost at 30 Credit Hours**

<table>
<thead>
<tr>
<th>Institution</th>
<th>Tuition</th>
<th>Fees</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Colorado School of Mines</td>
<td>$9,810</td>
<td>$1,429</td>
<td>$11,239</td>
</tr>
<tr>
<td>CU Boulder Business</td>
<td>9,450</td>
<td>1,356</td>
<td>10,806</td>
</tr>
<tr>
<td>CU Boulder Engineering</td>
<td>8,212</td>
<td>1,356</td>
<td>9,568</td>
</tr>
<tr>
<td>CU - Colorado Springs Jr./Sr. Beth-El Nrs/Health</td>
<td>7,190</td>
<td>1,096</td>
<td>8,286</td>
</tr>
<tr>
<td>CU Boulder Journalism/Music</td>
<td>6,154</td>
<td>1,356</td>
<td>7,510</td>
</tr>
<tr>
<td>CU Boulder A&amp;S Other</td>
<td>5,922</td>
<td>1,356</td>
<td>7,278</td>
</tr>
<tr>
<td>CSU - Ft. Collins Business</td>
<td>4,994</td>
<td>1,579</td>
<td>6,513</td>
</tr>
<tr>
<td>CSU - Ft. Collins Engineering</td>
<td>4,799</td>
<td>1,730</td>
<td>6,529</td>
</tr>
<tr>
<td>CU – Denver Upper Level</td>
<td>5,624</td>
<td>795</td>
<td>6,419</td>
</tr>
<tr>
<td>CSU - Ft. Collins Computer Science</td>
<td>4,799</td>
<td>1,526</td>
<td>6,325</td>
</tr>
<tr>
<td>CU - Colorado Springs Jr./Sr. Ltr/A&amp;S, Ed. Cert</td>
<td>4,904</td>
<td>1,096</td>
<td>6,282</td>
</tr>
<tr>
<td>CU - Colorado Springs Jr./Sr. Bus or Eng</td>
<td>5,186</td>
<td>1,096</td>
<td>6,282</td>
</tr>
<tr>
<td>CU - Denver Lower Level</td>
<td>5,484</td>
<td>795</td>
<td>6,279</td>
</tr>
<tr>
<td>CSU - Ft. Collins High Cost&lt;sup&gt;2&lt;/sup&gt;</td>
<td>4,604</td>
<td>1,499</td>
<td>6,103</td>
</tr>
<tr>
<td>CU - Colorado Springs Cont. Fresh/Soph</td>
<td>4,676</td>
<td>1,096</td>
<td>5,640</td>
</tr>
<tr>
<td>CSU - Ft. Collins Upper Division</td>
<td>4,544</td>
<td>1,390</td>
<td>5,934</td>
</tr>
<tr>
<td>CSU - Ft. Collins Resident</td>
<td>4,424</td>
<td>1,390</td>
<td>5,814</td>
</tr>
<tr>
<td>CU - Colorado Springs First time Fresh</td>
<td>5,580</td>
<td>1,096</td>
<td>6,226</td>
</tr>
<tr>
<td>University of Northern Colorado Business</td>
<td>6,240</td>
<td>858</td>
<td>7,098</td>
</tr>
<tr>
<td>University of Northern Colorado&lt;sup&gt;3&lt;/sup&gt;</td>
<td>6,075</td>
<td>849</td>
<td>6,924</td>
</tr>
<tr>
<td>CSU - Pueblo Differentials&lt;sup&gt;4&lt;/sup&gt;</td>
<td>3,691</td>
<td>1,245</td>
<td>4,936</td>
</tr>
<tr>
<td>University of Northern Colorado</td>
<td>3,942</td>
<td>857</td>
<td>4,799</td>
</tr>
<tr>
<td>Mesa State College</td>
<td>4,325</td>
<td>414</td>
<td>4,739</td>
</tr>
<tr>
<td>CSU - Pueblo Base</td>
<td>3,422</td>
<td>1,245</td>
<td>4,667</td>
</tr>
<tr>
<td>Ft. Lewis</td>
<td>2,846</td>
<td>1,350</td>
<td>4,196</td>
</tr>
<tr>
<td><strong>Adams State College</strong></td>
<td><strong>2,496</strong></td>
<td><strong>1,294</strong></td>
<td><strong>3,790</strong></td>
</tr>
<tr>
<td>Western State College</td>
<td>2,880</td>
<td>898</td>
<td>3,778</td>
</tr>
<tr>
<td>Metro State College</td>
<td>2,615</td>
<td>626</td>
<td>3,241</td>
</tr>
</tbody>
</table>

<sup>1</sup>Rankings are based on institutions highest tuition differential.<br> <sup>2</sup>Includes Liberal Arts, Natural Sciences and other High Cost Programs.<br> <sup>3</sup>Includes Nursing, Music and Theatre.<br> <sup>4</sup>Includes Business, Nursing, CIS, and Engineering.<br> Source: Based on an Internet survey by the College of academic institutions.

# Student Financial Assistance

Adams State College offers a variety of student financial assistance programs. Among these programs are scholarships, grants, work-study, and loans provided by state, federal and private sources. Eligibility for financial assistance is based upon criteria which vary with each specific program. Many programs are need-based; others are for “no need” or special ability students. Through the combination of these numerous programs, the College provides financial assistance to a majority of its full-time students. The following table sets forth the total numbers of students receiving financial assistance and the aggregate amount of federal and state assistance received by students in the Fiscal Year ending June 30, 2008 for the College. No assurance, however, can be given that the level of assistance available in the past will continue.
Student Financial Assistance  
Fiscal Year 2009

Total Students on Financial Assistance 1  2,647

Number of Students in Each Category of Financial Assistance:
  Private Scholarships and Other  469
  Institutional Assistance  723
  Federal Assistance  2,326

Amount of Federal Assistance  $18,749,969
Amount of State Assistance  $2,433,443

1 Unduplicated count. It is not uncommon for the same student to receive assistance from more than one source.

Source: Adams State College, Financial Aid Office; 2008-2009 CCHE Student Unit Record Date Systems Report

Adams State College Foundation

Generally. The Adams State College Foundation (the “Foundation”) was incorporated on January 23, 1962, as a separate non-profit corporation and 501(c)3 organization. It was formed for the purpose of receiving gifts, legacies and grants of money and property and to administer these exclusively for educational purposes in the area around Alamosa, Colorado, and for the purpose of promoting and furthering the interest, objective and purposes of Adams State College in such other ways and manners as the Foundation may determine. While the Foundation is a separate legal entity, Governmental Accounting Standards Board (“GASB”) Statements #14 and #39 define the Foundation as a component unit of the College and obligate the College to report the financial condition of the Foundation on the College’s audited financial statements.

Net Assets of the Foundation. The tables below illustrate a growth in total net assets over the last five years. This growth has been accomplished through increased restricted giving and the consolidation in May, 2005 of the College’s athletic foundation under the Foundation’s umbrella. The growth in restricted funds has been offset by a decline in unrestricted net assets. This decline can be attributed to a combination of an increased use of unrestricted funds for Foundation operations, increased program support for the College, $112,000 for property that was removed from the Foundation’s records in 2005, a reclassification of $758,449 of unrestricted assets to restricted assets in 2006, and unrealized losses in the equities market in FY 2008.

Adams State College Foundation
Net Assets

<table>
<thead>
<tr>
<th></th>
<th>FY 2009 1</th>
<th>FY 2008</th>
<th>FY 2007</th>
<th>FY 2006</th>
<th>FY 2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrestricted</td>
<td>$(715,637)</td>
<td>($183,905)</td>
<td>$1,704,680</td>
<td>$1,974,532</td>
<td>$3,518,790</td>
</tr>
<tr>
<td>Temp. Restricted</td>
<td>1,545,928</td>
<td>1,771,692</td>
<td>1,774,755</td>
<td>1,745,942</td>
<td>1,040,622</td>
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<tr>
<td>Restricted</td>
<td>9,750,647</td>
<td>10,874,140</td>
<td>10,549,542</td>
<td>4,516,668</td>
<td>2,970,002</td>
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<tr>
<td>Total Net Assets</td>
<td>$10,580,938</td>
<td>$12,461,927</td>
<td>$14,028,977</td>
<td>$8,237,142</td>
<td>$7,529,414</td>
</tr>
</tbody>
</table>

1 Unaudited.

Source: Audited Financial Statements of the College
Adams State College Foundation
Unrestricted Net Assets

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues, Gains and Other Support</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions</td>
<td>$96,480</td>
<td>$203,303</td>
<td>$100,677</td>
<td>$154,956</td>
</tr>
<tr>
<td>Investment Income</td>
<td>149,116</td>
<td>152,895</td>
<td>175,135</td>
<td>229,239</td>
</tr>
<tr>
<td>Realized and unrealized gains(losses)</td>
<td>(649,326)</td>
<td>(1,113,942)</td>
<td>556,551</td>
<td>282,699</td>
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<tr>
<td>Net assets released from restriction</td>
<td>1,043,417</td>
<td>1,226,858</td>
<td>972,069</td>
<td>781,377</td>
</tr>
<tr>
<td><strong>Total Revenues, Gains and Other Support</strong></td>
<td>594,687</td>
<td>469,114</td>
<td>1,804,432</td>
<td>1,448,271</td>
</tr>
<tr>
<td>Program Services Provided to the College</td>
<td>1,156,308</td>
<td>1,707,897</td>
<td>1,431,325</td>
<td>1,577,043</td>
</tr>
<tr>
<td>Supporting Services</td>
<td>411,788</td>
<td>588,566</td>
<td>490,765</td>
<td>480,554</td>
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<tr>
<td><strong>Total Expenses</strong></td>
<td>1,568,096</td>
<td>2,296,463</td>
<td>1,922,090</td>
<td>2,057,597</td>
</tr>
<tr>
<td>Change in Net Assets Before Transfers</td>
<td>(973,409)</td>
<td>(1,827,349)</td>
<td>(117,658)</td>
<td>(609,326)</td>
</tr>
<tr>
<td>Transfers</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfers in (out)</td>
<td>(54,307)</td>
<td>(61,236)</td>
<td>(40,194)</td>
<td>(934,932)</td>
</tr>
<tr>
<td><strong>Change in Net Assets</strong></td>
<td>(1,027,716)</td>
<td>(1,888,585)</td>
<td>(157,852)</td>
<td>(1,544,258)</td>
</tr>
<tr>
<td>Unrestricted Net Assets, beginning of year</td>
<td>312,079</td>
<td>1,704,680</td>
<td>1,862,532</td>
<td>3,518,790</td>
</tr>
<tr>
<td>Unrestricted Net Assets, end of year</td>
<td>(715,637)</td>
<td>(183,905)</td>
<td>1,704,680</td>
<td>1,974,532</td>
</tr>
</tbody>
</table>

1 Unaudited.
Source: Audited Financial Statements of the College

**Recent Economic Conditions Negatively Impacting the Foundation.** The Foundation, like most around the country, has seen an erosion of its net asset base due to the downturn in the economy and resulting unrealized losses in its investment portfolio in FY 2008 and FT 2009. Given current equity market conditions, nominal unrealized gains are projected for FY 2010. During the years ended June 30, 2008 and 2007, the College received unrestricted funds totaling $1,707,897 and $1,431,325, respectively, from the Foundation for scholarships, work study and grants-in-aid. Of these amounts $1,226,858 and $972,069, respectively, were derived from endowed scholarships and the athletic club foundation funds. The College anticipates that it will continue to receive endowed scholarship support and athletic fund raising support equal to or above this same level of support from the Foundation in the future. The College eliminated $550,000 of unrestricted programmatic support in 2009. An awareness of the declining unrestricted fund balance in the Foundation drove the College to proactively reduce its dependence on any additional unrestricted programmatic support over the past two budget cycles.

The College and the Foundation are taking proactive steps in a cooperative manner to address the problem. The College has attained the services of a respected national law firm with expertise in the higher education foundation field to help draft new operating and development services agreements to better define the relationship between the two entities. The Foundation has trimmed its unrestricted operating budget and the College has offset the reduction in unrestricted programmatic support with new budgeted housing scholarships along with tuition and fee supported scholarships. While market conditions and the state of the global economy suggest that it may take time to increase the unrestricted fund balance back to a positive amount, the College and the Foundation are working toward that goal with conservative fiscal management.

**CERTAIN FINANCIAL INFORMATION**

While the obligation of the Board to pay the principal of and interest on the Series 2009 Bonds is limited to the Net Revenues received by the Board annually (see “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2009 BONDS” and “THE AUXILIARY FACILITIES”), it is important
for prospective purchasers to analyze not only the Auxiliary Facilities and Net Revenues anticipated to be received therefrom, but also the financial and overall status of the College and the ability of the College to maintain and support such Auxiliary Facilities. This section and the previous section have been included to provide prospective purchasers with information relating to such matters.

The operating revenues of the College are derived from appropriations made to the Board by the State, as well as revenues received from sales and services of auxiliary operations, tuition and fees, self-funded activities, government grants and contracts, and private gifts, grants and contracts.

Budget Process

The College operates on an annual budget with a fiscal year ("Fiscal Year") beginning on July 1 of each year. However, the budget and resource allocation process is a multi-year activity which assures that funding from all sources is continuously consistent with long-range College policies, programmatic goals and specific campus roles and objectives. The budget process is driven by the academic planning process. Final approval of the College budget rests with the Board. An explicit and integral relationship exists among all facets of the resource allocation process including necessary revisions to current year budgets, the development of budgets for the subsequent fiscal year and the formulation of future budget requests. The budget and resource allocation process permits consideration of individual campuses’ needs within the context of total College priorities and resources available, affords opportunities for explicit review and elimination of redundant activities and provides a mechanism for shared benefits from revenue surpluses, whether generated by a single department or as a result of College-wide earnings.

All budget activities are conducted under the direction of the Office of the President. Budget requests are submitted to the Budget Office by Officers of the President’s Cabinet. They are then submitted and reviewed by the entire President’s Cabinet, who makes recommendations on these requests to the President. This provides consistency in policy, planning and economic assumptions, and comprehensive analysis and review. Current year operating budgets may be revised quarterly during a supplemental process to reflect changing or unforeseen circumstances, such as additional revenues or unforeseen expenditure needs. Internal activities to identify parameters for the next year’s budget begin in October and are refined in late spring, based on year-end estimates and final appropriation decisions of the State legislature.

In general, the College prepares the following types of budgets: (a) appropriated operating budgets, (b) non appropriated operating budgets, and (c) capital construction budgets both supported by State capital construction appropriations and cash funded. Appropriated budgets are funded by State appropriations, tuition, facilities and administration cost recoveries, interest income and other fees. Non-appropriated budgets are funded by federal, private and other sources. The State appropriated operating budgets include appropriations for instruction and related support, certain research, administration, libraries and other items. Non-appropriated operating activities include sponsored programs paid for by federal and private contracts and grants, student financial assistance, certain self funding activities, athletics and auxiliary enterprises including housing, food services and book store

Accounting Policies

The College accounts for its financial resources in accordance with generally accepted accounting principles for public colleges and universities. For financial reporting purposes, the College is considered a special-purpose government engaged only in business-type activities. Accordingly, the College’s financial activity is accounted and reported for using the economic resources management focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recorded when an obligation is incurred.
To facilitate financial management and adherence with the external restrictions associated with certain financial resources, the College’s internal accounting processes utilize the principles of fund accounting. Under these principles, the College’s resources are recorded and maintained through the use of separate accounts, known as funds. The fund groups that the College uses are current funds, student loan funds, endowment funds, plant funds and agency funds.

“Current funds” account for the general resources of the College and are divided into two subgroups—unrestricted (State appropriated, auxiliary, and self-funded) and restricted. While unrestricted current funds can be utilized for any College purpose not accounted for in another fund, the utilization of restricted current funds is limited by the donor or grantor to specific purposes, programs, departments or schools.

“Student loan funds” account for the College’s resources that are loaned to qualified students who need additional funds to pay for their educational expenses. Payments of principal and interest on these loans are subsequently reloaned as new loans.

“Endowment funds” account for resources received and restricted by donors so that only the earnings generated from the principal of the gift may be used. In addition, Endowment funds account for resources designated by the Board to act like endowments.

“Plant funds” account for the College’s capital assets and related activities and consist of three subgroups—unexpended plant funds, retirement of indebtedness, and investment in plant. Unexpended plant funds account for resources restricted by donors or designated by the Board for the acquisition, construction, replacement or renovation of capital assets. Retirement of indebtedness funds account for resources for payments related to indebtedness. Investment in plant funds account for the total of the College’s capital assets and the related liabilities. The College’s capital assets are stated at cost or estimated cost and depreciated using the straight-line method over the estimated useful lives.

Financial Statements

The most recent audited financial statements of the College are included as Appendix A hereto and should be read in their entirety. The audited financial statements included in Appendix A have been examined by the Office of State Auditor. The State Auditor is responsible for auditing the financial statements of State institutions including the College, under Article V, Section 49 of the State Constitution. The State Auditor’s staff may conduct the audit or contract with an independent auditing firm to audit the College’s financial statements. Dalby, Wendlen & Co., P.C. conducted the audit of the College’s financial statements for the Fiscal Years ended June 30, 2008 and the College did not request its prior consent to the inclusion of the audited financial statements herein. Financial statements for the College for Fiscal Years ended prior to June 30, 2008 are available for inspection at the Office of the Vice President of Finance and Administration, 208 Edgemont Boulevard, Alamosa, Colorado 81102.

Selected Financial Information

### Adams State College

**Statements of Revenues, Expenses, and Changes in Net Assets**

**For the Years ended June 30, 2009, 2008, 2007, 2006 and 2005**

**Operating Revenues**

<table>
<thead>
<tr>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>$11,017,233</td>
<td>$10,601,071</td>
<td>$10,521,932</td>
<td>$10,077,872</td>
<td>$7,285,690</td>
</tr>
<tr>
<td>Tuition &amp; fees</td>
<td>$4,300,300</td>
<td>$3,963,000</td>
<td>$3,897,000</td>
<td>$3,604,000</td>
<td>$2,492,000</td>
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<tr>
<td>Sales &amp; services of auxiliary enterprises</td>
<td>$2,200,000</td>
<td>$2,000,000</td>
<td>$2,000,000</td>
<td>$2,000,000</td>
<td>$2,000,000</td>
</tr>
<tr>
<td>Fee for Service Contract Revenue</td>
<td>$1,000,000</td>
<td>$1,000,000</td>
<td>$1,000,000</td>
<td>$1,000,000</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>Federal grants and contracts</td>
<td>$2,000,000</td>
<td>$2,000,000</td>
<td>$2,000,000</td>
<td>$2,000,000</td>
<td>$2,000,000</td>
</tr>
<tr>
<td>State grants and contracts</td>
<td>$1,000,000</td>
<td>$1,000,000</td>
<td>$1,000,000</td>
<td>$1,000,000</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>Other operating revenues</td>
<td>$300,000</td>
<td>$300,000</td>
<td>$300,000</td>
<td>$300,000</td>
<td>$300,000</td>
</tr>
<tr>
<td>Total operating revenues</td>
<td>$11,017,233</td>
<td>$10,601,071</td>
<td>$10,521,932</td>
<td>$10,077,872</td>
<td>$7,285,690</td>
</tr>
</tbody>
</table>

**Operating Expenses**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>$10,117,233</td>
<td>$9,601,071</td>
<td>$9,521,932</td>
<td>$9,077,872</td>
<td>$6,285,690</td>
</tr>
<tr>
<td>Instruction</td>
<td>$3,000,000</td>
<td>$2,600,000</td>
<td>$2,500,000</td>
<td>$2,300,000</td>
<td>$1,800,000</td>
</tr>
<tr>
<td>Public service</td>
<td>-0-</td>
<td>-0-</td>
<td>-0-</td>
<td>-0-</td>
<td>-0-</td>
</tr>
<tr>
<td>Academic support</td>
<td>$1,000,000</td>
<td>$900,000</td>
<td>$900,000</td>
<td>$800,000</td>
<td>$700,000</td>
</tr>
<tr>
<td>Student services</td>
<td>$2,000,000</td>
<td>$1,800,000</td>
<td>$1,600,000</td>
<td>$1,400,000</td>
<td>$1,200,000</td>
</tr>
<tr>
<td>Institutional support</td>
<td>$1,000,000</td>
<td>$900,000</td>
<td>$800,000</td>
<td>$700,000</td>
<td>$600,000</td>
</tr>
<tr>
<td>Operation of plant</td>
<td>$2,000,000</td>
<td>$1,800,000</td>
<td>$1,600,000</td>
<td>$1,400,000</td>
<td>$1,200,000</td>
</tr>
<tr>
<td>Scholarships and fellowships</td>
<td>$1,000,000</td>
<td>$900,000</td>
<td>$800,000</td>
<td>$700,000</td>
<td>$600,000</td>
</tr>
<tr>
<td>Auxiliary enterprises and expenditures</td>
<td>$3,000,000</td>
<td>$2,600,000</td>
<td>$2,500,000</td>
<td>$2,300,000</td>
<td>$1,800,000</td>
</tr>
<tr>
<td>Depreciation</td>
<td>$300,000</td>
<td>$200,000</td>
<td>$100,000</td>
<td>$100,000</td>
<td>$100,000</td>
</tr>
<tr>
<td>Total operating expenses</td>
<td>$10,117,233</td>
<td>$9,601,071</td>
<td>$9,521,932</td>
<td>$9,077,872</td>
<td>$6,285,690</td>
</tr>
</tbody>
</table>

**Operating Income (Loss)**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>$900,000</td>
<td>$400,000</td>
<td>$300,000</td>
<td>$300,000</td>
<td>$400,000</td>
</tr>
</tbody>
</table>

**Nonoperating Revenues (Expenses)**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>State appropriation, noncapital</td>
<td>-0-</td>
<td>-0-</td>
<td>-0-</td>
<td>-0-</td>
<td>10,316,691</td>
</tr>
<tr>
<td>Gifts and Donations</td>
<td>$1,000,000</td>
<td>$1,000,000</td>
<td>$1,000,000</td>
<td>$1,000,000</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>Investment &amp; interest income</td>
<td>$1,000,000</td>
<td>$1,000,000</td>
<td>$1,000,000</td>
<td>$1,000,000</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>Interest on capital debt</td>
<td>$1,000,000</td>
<td>$1,000,000</td>
<td>$1,000,000</td>
<td>$1,000,000</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>Gain or Loss on Disposal of Assets</td>
<td>$1,000,000</td>
<td>$1,000,000</td>
<td>$1,000,000</td>
<td>$1,000,000</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>Other Non-operating Revenues</td>
<td>$1,000,000</td>
<td>$1,000,000</td>
<td>$1,000,000</td>
<td>$1,000,000</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>Net Non-operating revenue (expenses)</td>
<td>$1,000,000</td>
<td>$1,000,000</td>
<td>$1,000,000</td>
<td>$1,000,000</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>Income (Loss) before other revenues, expenses, gains, losses or transfers</td>
<td>$1,000,000</td>
<td>$1,000,000</td>
<td>$1,000,000</td>
<td>$1,000,000</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>Operating Income (Loss)</td>
<td>$1,000,000</td>
<td>$1,000,000</td>
<td>$1,000,000</td>
<td>$1,000,000</td>
<td>$1,000,000</td>
</tr>
</tbody>
</table>

**Other Revenues, Expenses, Gains, Losses or Transfers**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>State appropriation, capital</td>
<td>$1,000,000</td>
<td>$1,000,000</td>
<td>$1,000,000</td>
<td>$1,000,000</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>Federal Grant – Capital</td>
<td>$1,000,000</td>
<td>$1,000,000</td>
<td>$1,000,000</td>
<td>$1,000,000</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>Transfers to other institutions</td>
<td>$1,000,000</td>
<td>$1,000,000</td>
<td>$1,000,000</td>
<td>$1,000,000</td>
<td>$1,000,000</td>
</tr>
</tbody>
</table>

**Increase (Decrease) in Net Assets**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>$1,000,000</td>
<td>$1,000,000</td>
<td>$1,000,000</td>
<td>$1,000,000</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>Net Assets at Beginning of Year, Restated</td>
<td>$1,000,000</td>
<td>$1,000,000</td>
<td>$1,000,000</td>
<td>$1,000,000</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>Net Assets at End of Year</td>
<td>$1,000,000</td>
<td>$1,000,000</td>
<td>$1,000,000</td>
<td>$1,000,000</td>
<td>$1,000,000</td>
</tr>
</tbody>
</table>

**Notes:**

1 Unaudited.

Source: Audited Financial Statements of the College
## Adams State College
### Statements of Cash Flows

<table>
<thead>
<tr>
<th></th>
<th>FY 2009 1</th>
<th>FY 2008</th>
<th>FY 2007</th>
<th>FY 2006</th>
<th>FY 2005</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>Total</td>
<td>Total</td>
<td>Total</td>
<td>Total</td>
</tr>
<tr>
<td><strong>Cash Flows From Operating Activities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Cash Received:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tuition and fees</td>
<td>$11,207,652</td>
<td>$10,501,244</td>
<td>$10,433,995</td>
<td>$10,114,020</td>
<td>$7,242,944</td>
</tr>
<tr>
<td>Fee for Service Contract Revenue</td>
<td>9,389,116</td>
<td>9,956,155</td>
<td>7,607,296</td>
<td>4,270,672</td>
<td>-0-</td>
</tr>
<tr>
<td>Sales of services</td>
<td>4,617,170</td>
<td>4,228,146</td>
<td>4,520,912</td>
<td>2,751,764</td>
<td>-0-</td>
</tr>
<tr>
<td>Sales of products</td>
<td>1,287,008</td>
<td>1,347,119</td>
<td>1,317,869</td>
<td>1,347,119</td>
<td>1,379,232</td>
</tr>
<tr>
<td>Grants and contracts</td>
<td>9,481,433</td>
<td>8,777,115</td>
<td>8,234,894</td>
<td>1,153,737</td>
<td>7,791,777</td>
</tr>
<tr>
<td>Student loans collected</td>
<td>239,615</td>
<td>328,699</td>
<td>450,480</td>
<td>429,206</td>
<td>245,654</td>
</tr>
<tr>
<td>Other receipts</td>
<td>540,440</td>
<td>455,492</td>
<td>365,662</td>
<td>451,278</td>
<td>432,033</td>
</tr>
<tr>
<td><strong>Cash Payments:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payments to or for employees</td>
<td>$(26,116,165)</td>
<td>$(24,584,975)</td>
<td>$(22,372,537)</td>
<td>$(21,364,945)</td>
<td>$(20,342,546)</td>
</tr>
<tr>
<td>Payments to suppliers</td>
<td>$(9,409,323)</td>
<td>$(9,076,980)</td>
<td>$(9,226,973)</td>
<td>$(8,732,538)</td>
<td>$(9,323,269)</td>
</tr>
<tr>
<td>Scholarships disbursed</td>
<td>$(1,330,220)</td>
<td>$(1,120,560)</td>
<td>$(1,298,337)</td>
<td>$(1,153,737)</td>
<td>$(3,106,998)</td>
</tr>
<tr>
<td>Student loans disbursed</td>
<td>$(168,054)</td>
<td>$(372,243)</td>
<td>$(475,198)</td>
<td>$(416,412)</td>
<td>$(213,182)</td>
</tr>
<tr>
<td><strong>Net cash provided (used) by operating activities</strong></td>
<td>$(261,328)</td>
<td>439,212</td>
<td>$(441,937)</td>
<td>1,230,935</td>
<td>$(12,142,591)</td>
</tr>
<tr>
<td><strong>Cash Flows from Noncapital Financing Activities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>State appropriations, noncapital</td>
<td>-0-</td>
<td>-0-</td>
<td>-0-</td>
<td>-0-</td>
<td>10,316,691</td>
</tr>
<tr>
<td>Gifts/Grants for Other than Capital Purposes</td>
<td>1,912,376</td>
<td>1,958,541</td>
<td>1,943,407</td>
<td>1,996,586</td>
<td>1,629,703</td>
</tr>
<tr>
<td>Change in funds held for others</td>
<td>-0-</td>
<td>-0-</td>
<td>-0-</td>
<td>460</td>
<td>62,563</td>
</tr>
<tr>
<td>Other NonCapital Revenues</td>
<td>-0-</td>
<td>-0-</td>
<td>-0-</td>
<td>-0-</td>
<td>1,179,287</td>
</tr>
<tr>
<td>Agency Receipts</td>
<td>16,863,053</td>
<td>13,675,988</td>
<td>12,831,594</td>
<td>14,446,165</td>
<td>-0-</td>
</tr>
<tr>
<td>Agency Payments</td>
<td>$(16,818,576)</td>
<td>$(13,638,801)</td>
<td>$(12,823,092)</td>
<td>-0-</td>
<td>-0-</td>
</tr>
<tr>
<td>Transfers to other funds</td>
<td>$(76,982)</td>
<td>(87,480)</td>
<td>(90,168)</td>
<td>(31,382)</td>
<td>(30,523)</td>
</tr>
<tr>
<td><strong>Net cash provided (used) by noncapital financing activities</strong></td>
<td>4,338,998</td>
<td>1,908,248</td>
<td>3,041,488</td>
<td>3,119,118</td>
<td>11,978,434</td>
</tr>
<tr>
<td><strong>Cash Flows From Capital &amp; Related Financing Activities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>State appropriations, capital</td>
<td>8,475,890</td>
<td>3,349,666</td>
<td>524,208</td>
<td>-0-</td>
<td>621,047</td>
</tr>
<tr>
<td>Proceeds from capital debt</td>
<td>19,943,667</td>
<td>-0-</td>
<td>-0-</td>
<td>-0-</td>
<td>-0-</td>
</tr>
<tr>
<td>Capital grants, contracts &amp; gifts</td>
<td>-0-</td>
<td>-0-</td>
<td>204</td>
<td>155,896</td>
<td>-0-</td>
</tr>
<tr>
<td>Acquisition or construction of capital assets</td>
<td>$(12,062,133)</td>
<td>$(5,437,283)</td>
<td>$(986,942)</td>
<td>$(1,284,645)</td>
<td>$(2,238,768)</td>
</tr>
<tr>
<td>Principal paid on capital assets</td>
<td>$(447,005)</td>
<td>$(532,416)</td>
<td>$(558,065)</td>
<td>$(628,052)</td>
<td>$(368,212)</td>
</tr>
<tr>
<td>Interest paid on capital debt</td>
<td>$(700,241)</td>
<td>$(446,561)</td>
<td>$(463,413)</td>
<td>$(492,614)</td>
<td>$(670,171)</td>
</tr>
<tr>
<td><strong>Net cash provided (used) by capital &amp; related financing activities</strong></td>
<td>15,210,178</td>
<td>3,066,594</td>
<td>1,484,008</td>
<td>$(2,249,415)</td>
<td>$(2,649,059)</td>
</tr>
<tr>
<td><strong>Cash Flows From Investing Activities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment earnings</td>
<td>861,611</td>
<td>630,117</td>
<td>556,079</td>
<td>205,446</td>
<td>219,873</td>
</tr>
<tr>
<td>Net cash provided (used) by investing activities</td>
<td>861,611</td>
<td>630,117</td>
<td>556,079</td>
<td>205,446</td>
<td>219,873</td>
</tr>
<tr>
<td><strong>Net Increase (Decrease) in cash</strong></td>
<td>20,149,459</td>
<td>89,017</td>
<td>1,671,622</td>
<td>2,306,084</td>
<td>(2,593,343)</td>
</tr>
<tr>
<td>Beginning cash balance</td>
<td>13,825,210</td>
<td>13,914,227</td>
<td>12,242,605</td>
<td>9,936,521</td>
<td>12,529,864</td>
</tr>
<tr>
<td>Ending cash balance</td>
<td>33,974,669</td>
<td>13,825,210</td>
<td>13,914,227</td>
<td>12,242,605</td>
<td>9,936,521</td>
</tr>
<tr>
<td><strong>Reconciliation of net operating revenues (expenditures) to net cash provided (used) by operating activities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating income (loss)</td>
<td>(4,410,550)</td>
<td>(3,025,445)</td>
<td>(2,766,448)</td>
<td>(15,142,072)</td>
<td>-0-</td>
</tr>
<tr>
<td>Adjustments to reconcile</td>
<td>3,235,911</td>
<td>3,215,296</td>
<td>3,268,001</td>
<td>3,289,357</td>
<td>3,274,676</td>
</tr>
<tr>
<td>Depreciation expense</td>
<td>-0-</td>
<td>-0-</td>
<td>-0-</td>
<td>-0-</td>
<td>-0-</td>
</tr>
<tr>
<td>Prior period adjustment</td>
<td>225,826</td>
<td>(364,980)</td>
<td>39,997</td>
<td>281,918</td>
<td>(442,883)</td>
</tr>
<tr>
<td>Receivables, net</td>
<td>21,537</td>
<td>(93,619)</td>
<td>16,109</td>
<td>(69,830)</td>
<td>6,246</td>
</tr>
<tr>
<td>Inventories &amp; prepaids</td>
<td>-0-</td>
<td>-0-</td>
<td>-0-</td>
<td>-0-</td>
<td>-0-</td>
</tr>
<tr>
<td>Increase (decrease) in liabilities</td>
<td>-0-</td>
<td>-0-</td>
<td>-0-</td>
<td>-0-</td>
<td>-0-</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>472,197</td>
<td>28,911</td>
<td>137,779</td>
<td>208,888</td>
<td>(28,086)</td>
</tr>
<tr>
<td>Accrued liabilities</td>
<td>106,648</td>
<td>464,682</td>
<td>300,002</td>
<td>81,435</td>
<td>150,309</td>
</tr>
<tr>
<td>Deferred revenues</td>
<td>27,559</td>
<td>46,778</td>
<td>82,786</td>
<td>89,230</td>
<td>5,070</td>
</tr>
<tr>
<td>Student deposits</td>
<td>24,341</td>
<td>(4,407)</td>
<td>(24,538)</td>
<td>29,961</td>
<td>(1,296)</td>
</tr>
<tr>
<td>Compensated absences</td>
<td>35,203</td>
<td>171,996</td>
<td>11,123</td>
<td>86,424</td>
<td>35,445</td>
</tr>
<tr>
<td><strong>Net cash provided (used) by operating activities</strong></td>
<td>$(261,328)</td>
<td>$439,212</td>
<td>$(441,937)</td>
<td>$1,230,935</td>
<td>$(12,142,591)</td>
</tr>
</tbody>
</table>

1 Unaudited.
Source: Audited Financial Statements of the College
Funding of State Institutions of Higher Education

**Generally.**

All operating and request budget recommendations, after review and priority assessment by the President, are presented by the College’s administration to the Board. The Board then concurrently submits its annual request for State funding, based upon such budget requests, to the CCHE, to the Office of State Planning and Budgeting, and to the Joint Budget Committee (the “JBC”), the appropriations committee of the State legislature. The CCHE makes annual systemwide funding recommendations to the State legislature, after consultation with each of the governing boards of higher education institutions. See “—Impact of CCHE” below under this caption. The CCHE also establishes, after consultation with each of the governing boards, the distribution formula of appropriations, based on certain criteria set forth in Section 23-1-105, Colorado Revised Statutes, as amended. In accordance with the distribution formula, the JBC then recommends to the full State legislature the amount of money available for higher education. Appropriations are then made as “lump sums” to the higher education governing boards through the “Long (Appropriations) Bill.” Each governing board allocates the appropriations to the institutions under its control in a manner it deems most appropriate. Governing boards are authorized to retain any unexpended moneys generated from fiscal year to fiscal year. The appropriation procedure described in this paragraph will continue to be imposed for future years under Section 23-1-104, Colorado Revised Statutes, as amended.

Fiscal year 2006 signified major changes in the funding mechanism for higher education through the implementation of fee-for-service contracts (“Fee for Service Contracts”) and the College Opportunity Fund (the “Fund”). New legislation under Senate Bill 04-189 (now codified at Section 23-18-101 et seq. C.R.S.), shifted state support for undergraduate education from the institution to the student. The Fund redirected state support to the College by awarding resident undergraduate students a stipend that can be applied by the College for tuition assistance. The revenue generated from both the Fee for Service Contracts and the Fund is reflected in the College’s financial statements.

Although the State experienced shortfalls in general fund revenues in the early part of the decade, (2002-2005), appropriations to higher education, including appropriations to the Fund, to the Department for Fee for Service Contracts, and to fund student stipends for tuition, have increased annually by more than 8% for the past three years. For Fiscal Year 2009, the State has increased funding (excluding capital appropriations) from all sources by 9.7%, which includes an increase of 7.3% in funding for the College. The Board is not able at this time to predict the size of future appropriations to the Fund and to the Department for Fee for Service Contracts and their impact on the Board or the College. Reductions of future year appropriations, if any, would be on the level of funds available to the College through the receipt of stipends for enrolled and eligible undergraduate students and amounts due under Fee for Service Contracts. Based upon currently available information, however, the Board does not expect any future year decreases in funds available to the College through the receipt of stipends for enrolled and eligible undergraduate students and amounts due under Fee for Service Contracts. However, the Board cannot predict what impact current limitations on State revenues and spending may have on the fiscal operations of the College and the Net Revenues in future fiscal years.

**SB04-189.** Since the Fiscal Year commencing July 1, 2005, Section 23-18-101 et seq., Colorado Revised Statutes (the “College Opportunity Fund Act”) and amendments to Article 5, Title 23, Colorado Revised Statutes, pursuant to Senate Bill 04-189 (“SB04-189”), which was signed into law by the Governor of the State on May 10, 2004, have been in place. SB04-189 eliminates direct appropriations of State General Fund moneys to the governing boards of institutions of higher education in favor of a per-student stipend system for undergraduate education (“Student Stipends”) and appropriation of funds
to the Department that are to be expended under Fee for Service Contracts with institutions of higher education to obtain certain educational services.

Under the College Opportunity Fund Act, state appropriations for undergraduate education will be made to the Fund, to be established within the Department. The Fund will be administered by the Colorado Student Loan Program (the “CSLP”) and will be a trust fund consisting of a stipend for each eligible undergraduate student. An eligible student is defined as either (a) an undergraduate student who is enrolled at a State institution of higher education and who is classified as an in-state student for tuition purposes; or (b) an undergraduate student enrolled in a participating private institution and (i) is classified as in-state for tuition purposes; (ii) is a graduate of a Colorado high school; (iii) demonstrates financial need; and (iv) meets other eligibility requirements established by the Department. “Stipend” is defined as the amount of money per credit hour held in trust for and paid on behalf of an eligible undergraduate student. The stipend is a fixed rate per credit hour set annually by the General Assembly. Undergraduate students may receive the stipend for a lifetime maximum of 145 credit hours, but may apply for a waiver of this limitation.

The College Opportunity Fund Act further provides that, commencing July 1, 2005, the General Assembly makes an annual appropriation to the Fund reflecting the number of undergraduate students who have applied for and are eligible for the stipend. The General Assembly also is required to appropriate spending authority to each governing board for the cash funds estimated to be received by each governing board as stipends. This spending authority is calculated by multiplying the amount to applicable per-credit-hour stipend by the number of eligible undergraduate students estimated to be enrolled at the associated institution. After an eligible student has enrolled in a State institution or participating private institution, and upon receipt of the student’s authorizing signature, the institution requests a stipend payment from the Fund on the student’s behalf. The Department is responsible for annually estimating the number of eligible students and reporting the number during each annual budget cycle. Under this legislation, the Department is required to annually request that the General Assembly adjust the amount appropriated for the stipends to reflect at least inflation and enrollment growth. Each year, from July 1, 2006 to July 1, 2009, the Department will submit to the Senate and House Education Committees and the JBC, annual reports on the Student Stipend program’s status. On July 1, 2010, the Department will submit a final report on the Student Stipend program’s implementation.

In accordance with and pursuant to Section 23-5-129, Colorado Revised Statutes, the Board entered into a Performance Contract (the “System Performance Contract”) with the Department on March 4, 2005. The System Performance Contract sets goals for the College. The System Performance Contract includes performance goals with respect to retention and graduation rates, enrollment, retention and graduation of underserved students, quality in undergraduate education, efficiency of operations, teacher education, workforce and economic development, and research and scholarly activity. The System Performance Contract provides certain programmatic and management flexibility, including exemptions from specific statutory requirements with respect to academic and operational issues.

Under Section 23-1-109.7, Colorado Revised Statutes, the Department is statutorily directed to arrange for the provision of specific post-secondary educational services to the State. Such services include, but are not limited to, rural educational services, basic skills courses, services associated with providing education to high school students under the Fast Track Program (codified in Section 22-34-101 of Colorado Revised Statutes, as amended) and Post Secondary Enrollment Options Act (codified in Section 22-35-101 et seq. of Colorado Revised Statutes, as amended), services associated with reciprocal tuition arrangements, graduate school services, continuing education services, and specialized and professional educational services such as dentistry, medicine, veterinary medicine, nursing, law, forestry and engineering. The Department is further directed under Section 23-1-109.7 to enter into Fee for Service Contracts to obtain such services on behalf of the Department. The Department will make a
recommendation to the State General Assembly and Governor annually as to the amount of funding necessary to provide these services. The General Assembly will make an annual appropriation of State General Fund moneys to the Department for the costs funded under the Fee for Service Contracts. The Board and the Department have entered into a Fee for Service Contract with respect to the College.

**Institutional Enterprise Designation.** SB04-252 (codified at Sections 23-5-101.7, 23-5-102, 23-5-103, 23-5-104 and 23-5-105, Colorado Revised Statutes, as amended) (collectively the “Institutional Enterprise Statute”) permits the designation of an institution of higher education as an enterprise for the purposes of TABOR. Under this provision, enterprises are defined as government owned businesses that are authorized to issue their own revenue bonds and receive less than 10% of annual revenues in grants from State and local governments combined. As an enterprise, a qualifying institution of higher education is exempt from the revenue, spending and debt limitations that are imposed by TABOR. See “INVESTMENT CONSIDERATIONS—TABOR Amendment” and “TABOR.” The institution may pledge internal revenues for the repayment of revenue bonds issued on its behalf only if the institution is accounted for separately in institutional financial records and engages in the type of activities that are commonly carried on for profit outside the public sector. The Institutional Enterprise Statute also permits an institution that has been designated as an enterprise to pledge up to 10% of its tuition revenues to certain of its revenue bonds. Finally, the Institutional Enterprise Statute authorizes an institution that has been designated as an enterprise to impose upon its students, and pledge to certain of its revenue bonds, a facility construction fee.

In Fiscal Year 2008, the College did not qualify as an enterprise because it received more than 10% of its revenues from the State. Therefore, the College was subject to the revenue, spending and debt limitations of the TABOR Amendment. Therefore, the College is no longer subject to the revenue, spending and debt limitations of the TABOR Amendment. See “TABOR.” For Fiscal Year 2010, the College was designated as an institution enterprise because it received less than 10% of its revenues from the State.

Funding from the State has represented the following percentages of College operating revenues for the last five Fiscal Years:

<table>
<thead>
<tr>
<th>Fiscal Year (Ended June 30)</th>
<th>Amount of Appropriation</th>
<th>College Opportunity Fund</th>
<th>Fee for Service Contract</th>
<th>Total State Funding</th>
<th>Percent of Total Revenues</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>-0-</td>
<td>$3,375,990</td>
<td>$8,773,332</td>
<td>$12,149,322</td>
<td>34%</td>
</tr>
<tr>
<td>2007</td>
<td>-0-</td>
<td>3,705,276</td>
<td>8,779,635</td>
<td>12,484,911</td>
<td>34</td>
</tr>
<tr>
<td>2008</td>
<td>-0-</td>
<td>3,667,995</td>
<td>9,956,155</td>
<td>13,624,080</td>
<td>33</td>
</tr>
<tr>
<td>2009</td>
<td>-0-</td>
<td>2,760,206</td>
<td>9,389,116</td>
<td>12,149,322</td>
<td>29</td>
</tr>
<tr>
<td>2001</td>
<td>-0-</td>
<td>2,656,080</td>
<td>9,493,242</td>
<td>12,149,322</td>
<td>28</td>
</tr>
</tbody>
</table>

\(^1\) Unaudited.

Source: Adams State College, Office of the Vice President of Finance and Administration

**Recent State Budget Cuts Affecting Higher Education and the College.** The Governor’s Budget Office recently announced a budget rescission in response to shortfalls in State revenues. The Department of Higher Education budget was reduced by $30 million in Fiscal Year 2009. Consequently, the College cut $557,000 from the Fiscal Year 2009 budget. The State is expected to make more cuts to higher education budgets for Fiscal Year 2010, with the College’s share estimated to be $5.5 million, based on
the Governor’s reduction plan submitted to the State legislature on October 28, 2009. All of the 2010 reduction has been backfilled with American Recovery and Reinvestment Act Funds. Anticipating a rescission earlier in the fall, the College implemented a more rigorous hiring policy, which enabled the institution to realize enhanced vacancy savings through attrition. The College’s senior administration has been aggressively managing expenditures in the current Fiscal Year and the College is $2 million ahead of the operating budget as of September 30, 2009. Campus dialog has been ongoing to identify strategic reductions and new revenue opportunities. The action plan for the current Fiscal Year was implemented in March, 2009, with ongoing adjustments leading up to the beginning of Fiscal Year 2010 based on enrollment estimates and legislative tuition spending authority.

**Gifts, Grants and Contracts**

The College receives grants and contracts from federal, State and private sources for sponsored research and instruction, as well as gifts and grants for scholarships and fellowships. See “—Selected Financial Information” under this caption. The following table sets forth the amounts and sources of grants and contracts received by the College for sponsored research over the past five fiscal years:

| Grant and Contract Expenditures for Sponsored Research Amounts and Sources | Fiscal Year Ended June 30 |
|---|---|---|---|---|---|
| Non-Federal | | | | | |
| Commercial and Other | $1,548,780 | $1,688,336 | $1,586,936 | $1,637,445 | $1,270,588 |
| State of Colorado | 2,548,045 | 2,184,538 | 1,727,989 | 1,701,244 | 1,635,371 |
| Total Non-Federal | 4,096,825 | 3,872,874 | 3,314,925 | 3,338,688 | 2,905,959 |
| Federal | 6,791,708 | 6,763,837 | 6,518,186 | 6,756,539 | 6,478,572 |
| Total | $10,888,533 | $10,636,711 | $9,833,112 | $10,095,227 | $9,384,530 |

Source: Adams State College, Office of the Vice President of Finance and Administration

**Auxiliary and Self-Funded Activities**

The College operates various self-supporting enterprises which serve the student population. Among these enterprises are student housing, dining halls, student center and bookstore, certain parking facilities, recreation facilities and organized student activities. Revenues from such activities include dormitory and other facility rentals, food and book sales, student fees and other miscellaneous items.

For financial information regarding the College’s auxiliary operations, see the College’s Financial Reports for each Fiscal Year which are available upon request to the Office of the Controller, Adams State College, 208 Edgemont, Alamosa, Colorado 81102. For information concerning the College’s Financial Reports for 2008, see “APPENDIX A”. For information concerning these Auxiliary Facilities, see “THE NET REVENUES—Revenues of the Auxiliary Facilities System.”

**Other Sources of Revenues**

Other sources of revenues include interest income, earned on investments of the College, and sales and services of the educational departments.
Financial Obligations of the Board

Other than the Series 2009 Bonds upon their issuance, Adams State College has no other outstanding long term indebtedness.

Employee Retirement Plans

All non student employees of the College are enrolled in either a College sponsored “defined contribution” retirement plan or a “defined benefit” retirement plan. According to information provided by the Controller’s Office for the College, for Fiscal Year 2009, the College’s contribution to the “defined benefit” retirement plan of 12.05% for the period July – December and 12.95% for the period January – June of covered payroll for the Fiscal Year 2009 was $1,242,413 and the College’s contribution to the “defined contribution” retirement plan of 11.4% of covered payroll was $1,010,057.

In addition, under both retirement plans, the College made contributions during the 2009 Fiscal Year in an amount of approximately 16% of covered payroll to certain health and life insurance costs for plan participants.

LITIGATION AND SOVEREIGN IMMUNITY

No litigation challenging the validity or the issuance of the Series 2009 Bonds is pending or threatened. Upon the issuance of the Series 2009 Bonds, the Underwriter will receive a certificate, executed by representatives of the Board, to the effect that no such litigation is pending or, to their knowledge, threatened.

The Colorado Governmental Immunity Act, Article 10 of Title 24, Colorado Revised Statutes, as amended (the “Act”), provides, in part, that public entities shall be immune from liability, based on the principle of sovereign immunity, in all claims for injury which lie in tort or could lie in tort (regardless of the type of action or the form of relief chosen by the claimant), except for certain claims specifically excluded by the Act. The Act also limits the maximum amount that may be recovered in any single occurrence whether from one or more public entities or public employees to $150,000 for injury to one person, and $600,000 for an injury to two or more persons. The Act also specifies the sources from which judgments against public entities may be collected and provides that public entities are not liable either directly or by indemnification for punitive or exemplary damages or for damages for outrageous conduct, except as may be otherwise determined by a public entity pursuant to the Act. The Act may be changed through amendment by the state legislature at any time.

According to the Board, there is no legal action pending or to the best of its knowledge, threatened, against the College, the Board, or one or more officers or employees of the Board or the College that would result in a materially adverse effect with regard to the financial resources of the College or the Board or the continuous operation thereof or the security for the Series 2009 Bonds.

TABOR

Generally

TABOR limits the ability of the State and local governments such as the Board to increase revenues, debt and spending and restricting property taxes, income taxes and other taxes. TABOR excepts from its restrictions the borrowings and fiscal operations of “enterprises,” which term is defined to include government-owned businesses authorized to issue their own revenue bonds and receiving under 10% of their revenues in grants from all Colorado State and local governments combined. TABOR
contemplates that qualification as an “enterprise” will be determined annually and that “enterprises” may be disqualified as such by receiving 10% or more of their revenues for any year in the form of State or local government grants. TABOR also contemplates that a disqualified “enterprise” may be requalified in the next or any future year. See “Funding of State Institutions of Higher Education—Institutional Enterprise Designation.”

In Fiscal Year 2008, the College received more than 10% of its revenues in the form of State and government grants, and, therefore, it does not qualify as an enterprise in Fiscal Year 2008.

Unless and until the College again qualifies as an enterprise under TABOR, the College revenue, debt and spending powers are subject to TABOR. That limitation, however, does not impair the College’s Authority under the Auxiliary Enterprise Act to issue the Series 2009 Bonds, insofar as the Adams Facilities continues to be comprised of enterprises for purposes of TABOR.

Colorado Economic Recovery Act

During the 2005 legislative session concluded on May 9, 2005, the Colorado General Assembly and the Governor agreed to four pieces of legislation in an effort to relieve State budgeting challenges in light of TABOR. Three of the legislative measures, collectively referred to herein as “The Colorado Economic Recovery Act,” were primarily designed to provide for additional revenues for State operations, as well as the methodology for how additional revenues would be appropriated. Implementation of The Colorado Economic Recovery Act was subject to statewide voter approval. On November 1, 2005, Colorado voters approved “Referendum C,” one of the referred measures.

Referendum C (HB 05-1194) authorizes the State to retain and appropriate State revenues in excess of the current TABOR limit on state spending. This eliminates TABOR’s limit on State spending for the period July 1, 2005 through June 30, 2010 (Fiscal Years 2005-06 through 2009-10), making all revenues received by the State available for appropriation. Referendum C did not, however, affect the statutory Arveschoug-Bird limit on General Fund growth (i.e., a 6% growth limit). In addition, Referendum C established a new “Excess State Revenues Cap” that serves as the new limit on State Fiscal Year spending beginning in Fiscal Year 2010-11 and for each succeeding Fiscal Year. The Excess State Revenues Cap is defined by Referendum C as:

“An amount equal to the highest total State revenues for a Fiscal Year from the period of the 2005-06 Fiscal Year through the 2009-10 Fiscal Year. In each subsequent Fiscal Year the cap is adjusted for inflation and a percentage change in state population as well as such sum for the qualification or disqualification of enterprises.”

Referendum C created a new account in the General Fund of the State, referred to as the “General Fund Exempt Account,” consisting of the moneys collected by the State in excess of the limitation on State fiscal year spending (i.e., the 6% growth limit). Moneys in the General Fund Exempt Account, once appropriated, may be used to fund: health care; public elementary, high school and higher education, including any related capital construction; retirement plans for firefighters and police officers so long as the General Assembly determines such funding is necessary; and, strategic transportation projects in the CDOT Strategic Transportation Project Investment Program.

For purposes of the Excess State Revenues Cap, the terms inflation, percentage change in state population and qualification or disqualification of an enterprise retain their meaning under TABOR and State law.
LEGAL MATTERS

Legal matters relating to the authorization and issuance of the Series 2009 Bonds are subject to the approving opinion of Kutak Rock LLP of Denver, Colorado, as Bond Counsel, which will be delivered with the Series 2009 Bonds.

Kutak Rock LLP will also pass upon certain legal matters relating to the Series 2009 Bonds as Counsel to the Board. Kutak Rock LLP has not participated in any independent verification of the information concerning the financial condition or capabilities of the Board or the College contained in this Official Statement. The Underwriter has been represented by Hogan & Hartson LLP, Denver, Colorado.

FINANCIAL ADVISOR

North Slope Capital Advisors (“North Slope”) served as financial advisor to the Board with respect to the sale of the Series 2009 Bonds. As the Board’s financial advisor, North Slope has assisted in the preparation of this Official Statement and in other matters relating to the planning, structuring, rating and issuance of the Series 2009 Bonds. In its role of financial advisor to the Board, North Slope has not undertaken either to make an independent verification of or to assume responsibility for the accuracy or completeness of the information contained in the Official Statement and the Appendices hereto.

RATINGS

Moody’s Investors Service, Inc. (“Moody’s”) and Standard & Poor’s Ratings Services, a Division of The McGraw-Hill Companies, Inc. (“S&P”) have assigned the Series 2009 Bonds municipal bond ratings of [“Aa3” and “AA-,”] respectively, based on the State Intercept Program. Moody’s has also assigned the Series 2009 Bonds an underlying rating of [“A3,”] reflecting the Board’s underlying credit strength without giving effect to the State Intercept Program.

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 such rating agency. There is no assurance that the rating will continue for any given period of time or that the rating will not be revised downward or withdrawn entirely by such rating agency if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Series 2009 Bonds. The Board, the College and the Underwriter have undertaken no responsibility to oppose any change or withdrawal of any such ratings.

TAX MATTERS

In General

In the opinion of Bond Counsel, under existing laws, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and continuing compliance with certain covenants described below, interest on the Series 2009 Bonds is excluded from gross income for federal income tax purposes. In addition, interest on the Series 2009 Bonds is not a specific preference item nor is it included in adjusted current earnings for purposes of the federal alternative minimum tax imposed on individuals and corporations.

Bond Counsel is also of the opinion that interest on the Series 2009 Bonds is exempt from taxation for any state, county, school district, special district, municipal or other purpose in the State.
The Internal Revenue Code of 1986, as amended (the “Code”), and the regulations promulgated thereunder (the “Regulations”), impose various restrictions, conditions and requirements relating to the exclusion from gross income for federal tax purposes of interest on obligations such as the Series 2009 Bonds. The Board has covenanted in the Series 2009 Resolution and the Tax Compliance Certificate to comply with certain restrictions, conditions and requirements designed to assure that interest on the Series 2009 Bonds will not become includible in gross income. Failure to comply with these covenants may result in interest on the Series 2009 Bonds being included in gross income retroactively to their date of issue. The opinions of Bond Counsel assume compliance with such covenants.

Although Bond Counsel has rendered an opinion that interest on the Series 2009 Bonds is excluded from gross income for federal income tax purposes, the accrual or receipt of interest on the Series 2009 Bonds may otherwise affect the federal income tax liability of the recipient. The extent of these other tax consequences will depend upon the recipient’s particular tax status or other items of income or deduction. Bond Counsel expresses no opinion regarding any such consequences. Purchasers of the Series 2009 Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of Social Security or Railroad Retirement benefits, taxpayers otherwise entitled to claim the earned income credit and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations are advised to consult their tax advisors as to the tax consequences of purchasing or owning the Series 2009 Bonds.

At the time of issuance of the Series 2009 Bonds, Bond Counsel shall not express any opinion with respect to the tax treatment of income of the Series 2009 Bonds while bearing interest at a rate other as described herein.

A copy of the proposed form of opinion of Bond Counsel with respect to the Series 2009 Bonds is attached as Appendix C to this Official Statement.

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 2009 Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time-to-time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Series 2009 Bonds. 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 2009 Bonds or the market value thereof would be impacted thereby. Purchasers of the Series 2009 Bonds 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 2009 Bonds and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

PROSPECTIVE PURCHASERS OF THE SERIES 2009 BONDS ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS PRIOR TO ANY PURCHASE OF THE SERIES 2009 BONDS AS TO THE IMPACT OF THE CODE UPON THEIR ACQUISITION, HOLDING OR DISPOSITION OF THE SERIES 2009 BONDS.
Original Issue Discount

The difference between the principal amount and the initial public offering price of the Series 2009 Bonds that are being sold in the initial public offering at a discount (i.e., at a price that is less than the principal amount thereof or at a yield that is greater than the interest rate thereon) constitutes original issue discount that is treated in the same manner for federal income tax purposes as interest on the Series 2009 Bonds, as described above under this caption.

Original issue discount on the Series 2009 Bonds is treated as compounding semiannually on each Interest Payment Date at a rate determined by reference to the yield to maturity of such Series 2009 Bonds. The amount treated as original issue discount on the Series 2009 Bonds for the accrual period ending on a particular Interest Payment Date is equal to the product of (i) the yield to maturity of the Series 2009 Bonds (determined by compounding on each Interest Payment Date) and (ii) the amount that would have been the tax basis of the Series 2009 Bonds if held by the initial purchaser (excluding bond houses, brokers and other intermediaries) as of the immediately preceding Interest Payment Date. The tax basis of the Series 2009 Bonds is determined by adding to the initial public offering price of the Series 2009 Bonds the sum of the amounts that have been treated as original issue discount for such purposes during all prior accrual periods. If the Series 2009 Bonds are sold between Interest Payment Dates, original issue discount that would have accrued for the semiannual accrual period ending on the next Interest Payment Date is apportioned in equal amounts among the days in such accrual period.

The owner of the Series 2009 Bonds that are being sold in the initial public offering at a discount (including any purchaser of such Series 2009 Bonds in the secondary market) should consult his or her tax advisors with respect to the determination of original issue discount accrued on such Series 2009 Bonds as of any date and with respect to the federal, state, and local tax consequences of owning such Series 2009 Bonds.

Original Issue Premium

The difference between the principal amount and the initial public offering price of any Series 2009 Bonds that are being sold in the initial public offering at a premium (i.e., at a price that is greater than the principal amount thereof or at a yield that is less than the interest rate thereon) constitutes original issue premium for federal income tax purposes. The initial purchaser (excluding bond houses, brokers and other intermediaries) of any Series 2009 Bonds must amortize the premium over the term of the Series 2009 Bonds using constant yield principles, based on such purchaser’s yield to maturity (or, in the case of Series 2009 Bonds that are sold in the initial public offering at a premium and is callable prior to its 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 original issue premium is amortized, the amount of premium amortized offsets the interest allocable to the corresponding semiannual interest accrual period, and the purchaser’s basis in the Series 2009 Bonds 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 the Series 2009 Bonds prior to its maturity. Even though the purchaser’s basis may be reduced, no federal income tax deduction is allowed.

The owner of any Series 2009 Bonds that are being sold in the initial public offering at a premium (including any purchaser of such Series 2009 Bonds in the secondary market) should consult his or her tax advisors with respect to the determination and treatment of the original issue premium as of any date and with respect to the federal, state, and local tax consequences of owning such Series 2009 Bonds.
UNDERWRITING

The Series 2009 Bonds are to be purchased from the College by George K. Baum & Company (the “Underwriter”) pursuant to a Bond Purchase Agreement. The Underwriter has agreed, subject to certain conditions, to purchase all but not less than all of the Series 2009 Bonds at a price of $________________ (being an amount equal to 100% of the aggregate principal amount of the Series 2009 Bonds, plus a net original issue premium of $____________, and less an Underwriter’s discount of $________________) in connection with the underwriting of the Series 2009 Bonds. The initial public offering price of the Series 2009 Bonds may be changed from time-to-time by the Underwriter. The Bond Purchase Agreement provides that the obligation of the Underwriter to purchase the Series 2009 Bonds is subject to certain conditions.

CONTINUING DISCLOSURE UNDERTAKING

In connection with its issuance of the Series 2009 Bonds, the Board will execute a Continuing Disclosure Undertaking, a form of which is attached hereto as Appendix D, wherein it will agree for the benefit of the owners and beneficial owners of the Series 2009 Bonds to provide certain annual financial information relating to the College and the Net Revenues by not later than 270 days, or earlier if publicly available, after the end of each Fiscal Year commencing with the Fiscal Year ended June 30, 2009, and to provide notices of occurrence of material events set forth in Rule 15c2-12 promulgated by the Securities and Exchange Commission.

MISCELLANEOUS

This Official Statement and its distribution and use has been duly authorized and approved by the Board. This Official Statement has been executed and delivered by its Chair on behalf of the Board.

So far as any statements made in this Official Statement involve matters of opinion, forecasts or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact.

Appendices A, B, C, D and E are an integral part of this Official Statement and must be read together with all other parts of this Official Statement.

BOARD OF TRUSTEES FOR ADAMS STATE COLLEGE

By: /s/ Timothy L. Walters
Chair
APPENDIX A

AUDITED FINANCIAL STATEMENTS FOR ADAMS STATE COLLEGE
AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2008
APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE MASTER RESOLUTION AND THE FIRST SUPPLEMENTAL RESOLUTION

The Master Enterprise Bond Resolution (the “Master Resolution”) and the First Supplemental Resolution (the “First Supplemental Resolution,” and together with the Master Resolution, the “Resolution”) contain various provisions and covenants, some of which are summarized below. For convenience of reference, the number of the relevant article, section or sections of the Resolution appears following the respective captions in this summary. Whenever particular provisions of the Resolution are referred to, such provisions, together with related definitions and provisions, are incorporated by reference as part of the statements made, and the statements made are qualified in their entirety by such reference. Reference is made to the Resolution for a full and complete statement of their provisions. Copies of the Resolution are available as provided in “INTRODUCTION—Other Information.”

Certain Definitions

Set forth below are definitions of certain of the terms used in the Resolution.

“Accreted Value” means the amount defined as such in a Supplemental Resolution for purposes of determining the Redemption Price of, rights of the owner of or other matters with respect to a Capital Appreciation Bond.

“Accretion Date” means any date defined as such in a Supplemental Resolution for purposes of determining the Accreted Value or Maturity Value of any Capital Appreciation Bond.

“Additional Payment Fund” means the “Additional Payment Fund” created in the Master Resolution, including all accounts created therein, to pay amounts due to a Credit Facility Provider and Exchange Termination Payments or other similar payments which are payable pursuant to the Master Resolution.

“Authorized Denominations” has the meaning ascribed to such term in a Supplemental Resolution.


“Auxiliary Facilities Revenue Bonds” means any bond or bonds or Commercial Paper Notes, as the case may be, authenticated and delivered under and pursuant to the Master Resolution, and secured only by the pledge of Net Revenues as provided in the Master Resolution.

“Average Annual Debt Service Requirement” means the amount determined by dividing (x) the total Debt Service Requirements on all Outstanding Bonds and any Commercial Paper Term Loan for the period from the date of calculation to the final maturity date of such Bonds and any Commercial Paper Term Loan by (y) the total number of years and fractions thereof from the date of calculation to the final maturity date of such Bonds and any Commercial Paper Term Loan; provided, however, that for the purposes of such calculation the principal amount of such Outstanding Bonds will be reduced in any year
by amounts expected to be paid by the application of moneys on deposit in the Reserve Fund and any proceeds of a series of Bonds deposited to the credit of an account for the payment of capitalized interest on Bonds.

“Board” means the Board of Trustees for Adams State College, a body corporate under the constitution and laws of the State. The term also includes any body succeeding to the rights and obligations of the Board of Trustees for Adams State College in respect of the College, and in such event any reference to designated officers of the Board will be construed to be references to the correlative officers of such succeeding body corporate and politic.

“Board Representative” means the Chair of the Board, the President of the College, the Vice President for Finance and Administration of the College, or any other officer or employee of the College that is designated to act as the Board Representative hereunder by the Board.

“Bond” or “Bonds” means, collectively, the Auxiliary Facilities Revenue Bonds and the Institutional Enterprise Revenue Bonds, authenticated and delivered under and pursuant to the Master Resolution, but excluding any Special Obligation Bonds.

“Bond Counsel” means an attorney or firm of attorneys, selected by the Board, whose experience in matters relating to the issuance of obligations by states and their political subdivisions is nationally recognized.

“Bondholder,” “bondowner” or “owner” of Bonds means the registered owner of any Bonds.

“Capital Appreciation Bond” means any Bond on which interest is not due prior to maturity.

“Capital Construction Debt Service Fee” means the mandatory student fee imposed in 2009 related to capital construction debt service obligations, which Capital Construction Debt Service Fee will continue indefinitely and will be $3.50 per credit hour beginning in Fiscal Year 2009, and will increase annually until Fiscal Year 2018 at which time it will be capped at $97.00 per credit hour.

“Code” means the Internal Revenue Code of 1986, as amended, and regulations and rulings promulgated or proposed thereunder or (to the extent the same remain applicable) under any predecessor thereto.

“College” means Adams State College in Alamosa, Colorado.

“College Service Fee” means a mandatory fee imposed against and collected from each student enrolled for the designated minimum number of credit hours per academic term at the College.

“Commercial Paper Credit Facility” means any Credit Facility supporting payment of principal of and interest on any Commercial Paper Notes.

“Commercial Paper Credit Facility Account” means an account so designated which is created under a Supplemental Resolution authorizing the issuance of any Commercial Paper Notes, which account will be maintained by the Issuing and Paying Agent as provided in any Supplemental Resolution authorizing any Commercial Paper Notes.

“Commercial Paper Credit Facility Provider” means any provider of a Commercial Paper Credit Facility.
“Commercial Paper Note Interest Account” means an account so designated which is created under a Supplemental Resolution authorizing the issuance of any Commercial Paper Notes, which account will be maintained by the Issuing and Paying Agent as provided in any Supplemental Resolution authorizing any Commercial Paper Notes.

“Commercial Paper Note Principal Account” means an account so designated which is created under a Supplemental Resolution authorizing the issuance of any Commercial Paper Notes, which account will be maintained by the Issuing and Paying Agent as provided in any Supplemental Resolution authorizing any Commercial Paper Notes.

“Commercial Paper Notes” means any commercial paper notes authorized under a Supplemental Resolution and issued on a parity with the outstanding Bonds.

“Commercial Paper Term Loan” means any term loan extended to the Board by the Commercial Paper Credit Facility Provider under the terms of a Reimbursement Agreement.

“Credit Facility” means any letter of credit, standby bond purchase agreement, line of credit, loan, guaranty, revolving credit agreement, bond insurance policy, or similar agreement provided by a Credit Facility Provider to provide support to pay the principal of, interest on or purchase price of any Bonds.

“Credit Facility Provider” means any provider of a Credit Facility.

“Credit Facility Reimbursement Obligations” means the obligations of the Board under any Reimbursement Agreement or otherwise pursuant to any Credit Facility to reimburse a Credit Facility Provider for drawings made under any Credit Facility, including principal of and interest on such obligations under any Reimbursement Agreement and payments of principal of and interest on any Commercial Paper Term Loan.

“Debt Service Fund” means the “Debt Service Fund,” established in the Master Resolution, including all accounts created therein.

“Debt Service Requirements” means, for any period, the sum of: (a) the amount required to pay the interest, or to make reimbursements for payments of interest, becoming due on the applicable Bonds and any Commercial Paper Term Loan during such period; plus (b) the amount required to pay the principal or Accreted Value, or to make reimbursements for the payment of principal or Accreted Value, becoming due on the applicable Bonds and any Commercial Paper Term Loan during that period, whether at maturity, on an Accretion Date, or upon mandatory sinking fund redemption dates; plus (c) any net periodic payments on a notional amount required to be made by the Board pursuant to a Qualified Exchange Agreement; minus (d) any net periodic payments on a notional amount to be received by the Board pursuant to a Qualified Exchange Agreement.

(i) No payments required on Bonds or any Commercial Paper Term Loan which may occur because of the exercise of an option by the Board, or which may otherwise become due by reason of any other circumstance or contingency, including acceleration, which constitute other than regularly scheduled payments of principal, Accreted Value, interest, or other regularly scheduled payments on Bonds or any Commercial Paper Term Loan will be included in any computation of Debt Service Requirements for any computation period prior to the maturity or otherwise certain due dates thereof.
(ii) (A) Debt Service Requirements required to be made pursuant to a Qualified Exchange Agreement will be based upon the actual amount required to be paid by the Board, if any, to the Qualified Counterparty. In determining that amount, any payments required to be made by either party to the Qualified Exchange Agreement at a variable interest rate will be computed, in determining the obligation of the Board under the Qualified Exchange Agreement, using the procedures set forth in paragraph (vi) of this definition.

(B) Exchange Termination Payments will be considered as part of Debt Service Requirements on the date of computation only if those Exchange Termination Payments have a lien on Net Revenues on a parity with the lien of the Bonds and have become due and remain unpaid at the time of computation in accordance with the terms of the applicable Qualified Exchange Agreement.

(iii) Unless, at the time of computation of Debt Service Requirements, payment of interest and principal on Bonds are owed to, or Bonds are owned or held by, the provider of a Credit Facility pursuant to the provisions of that Credit Facility, the computation of interest for the purposes of this definition will be made without considering the interest rate payable pursuant to a Credit Facility.

(iv) For the purpose of the definition of Debt Service Requirements, the Accreted Value of Capital Appreciation Bonds will be included in the calculation of interest and principal only for the applicable year during which the Accreted Value becomes payable.

(v) In the computation of Debt Service Requirements relating to the issuance of Additional Bonds and the rate covenant in the Master Resolution, there will be deducted from that computation amounts and investments which are irrevocably committed to make designated payments on Bonds included as part of the computation during the applicable period, including, without limitation: (A) money on deposit in any debt service account or debt service reserve account; (B) amounts on deposit in an escrow account; (C) proceeds of a series of Bonds deposited to the credit of an account for the payment of capitalized interest on Bonds included as part of the computation; and (D) earnings on such investments which are payable and required to be used, or which are used, for the payment of Debt Service Requirements during the applicable period.

(vi) To determine Debt Service Requirements for Bonds with a variable interest rate (including any Commercial Paper Notes) or for any Commercial Paper Term Loan, the Board will use the procedures set forth in the following paragraphs to determine the amount of interest or other payments to be paid by the Board on those Bonds or any Commercial Paper Term Loan and the amount of credit against Debt Service Requirements for payments to be received by the Board based upon variable interest rates to be made by a Qualified Counterparty or otherwise.

(A) During any period for which the actual variable interest rates are determinable, the actual variable interest rates will be used. During any period when the actual variable interest rates are not determinable, the variable interest rates will, for the purpose of determining Debt Service Requirements, be deemed to be the higher of:

(1) the actual variable interest rates, if any, at the time of computation; or

(2) a fixed annual rate equal to the prevailing variable interest rate on the date of computation as certified by the Board’s financial advisor, another
investment banker designated by the Board from time-to-time, or a Qualified Counterparty.

(B) Prospective computations of variable interest rates on Bonds, other than pursuant to a Qualified Exchange Agreement, or on any Commercial Paper Term Loan will be made on the assumption that the applicable Bonds or any Commercial Paper Term Loan bear interest at a fixed annual rate equal to:

1. the average of the daily rates of such Bonds during the 365 consecutive days (or any lesser period such Bonds or any Commercial Paper Term Loan have been Outstanding) next preceding a date which is no more than 60 days prior to the date of the issuance of the Additional Bonds or any Commercial Paper Term Loan; or

2. with respect to Bonds or any Commercial Paper Term Loan initially issued or incurred as or being converted to variable interest rate Bonds or any Commercial Paper Term Loan, the estimated initial rate of interest on such Bonds or any Commercial Paper Term Loan on the date of issuance, exchange or conversion as certified by the Board’s financial advisor, an investment banker designated by the Board from time-to-time or a Qualified Counterparty.

(C) Prospective computations of variable interest rates for a Qualified Exchange Agreement will be based upon:

1. the actual interest rate used to compute the net amount most recently paid, as of the date of computation, by the Board to the Qualified Counterparty or (expressed as a negative number) by the Qualified Counterparty to the Board; or

2. if no such payment has been made under the pertinent Qualified Exchange Agreement, the interest rate used to determine the estimated initial net payment obligation on such Qualified Exchange Agreement on the computation date as certified by the Board’s financial advisor, an investment banker designated by the Board from time-to-time or a Qualified Counterparty.

(D) Prospective computations of Debt Service Requirements on Commercial Paper Notes for purposes of the Master Resolution will assume that the amount of Commercial Paper Notes Outstanding for any period will be the aggregate principal amount of Commercial Paper Notes Outstanding as of the date of calculation, adjusted to take into account the amount of Commercial Paper Notes that the Board reasonably expects to be issued and the amount that the Board reasonably expects to mature without being replaced by new Commercial Paper Notes during each 12-month period beginning on the date of computation, based on the Board’s projections for upcoming financings involving Commercial Paper Notes.

(E) Prospective computations of Debt Service Requirements for purposes of the Master Resolution, for Bonds bearing interest at a variable interest rate (including any Commercial Paper Notes), will be made, with respect to the payment of the then outstanding principal amount thereof (except as otherwise specifically provided with respect to mandatory sinking fund redemption payments for such Bonds), with the assumption that such Bonds would be amortized over a term of not more than 25 years.
(or such lesser term ending on the final maturity date for such Bonds) and with substantially equal annual payments.

(vii) The purchase or tender price of Bonds resulting from the optional or mandatory tender or presentment for purchase of those Bonds will not be included in any computation of Debt Service Requirements.

“Debt Service Reserve Account” means an account created within the Reserve Fund, as provided in the Master Resolution, for each separate series of Bonds for which there is a reserve requirement.

“DTC” means The Depository Trust Company, New York, New York, or any successor thereto.

“Exchange Termination Payment” means the net amount payable and calculated pursuant to a Qualified Exchange Agreement by the Board or a Qualified Counterparty to compensate the other party for any losses and costs that such other party may incur as a result of the early termination of the obligations, in whole or in part, of the parties under that Qualified Exchange Agreement and all other amounts due under a Qualified Exchange Agreement that are not regularly scheduled payments thereunder.

“Facilities” means:

(a) the student or faculty housing facilities, student or faculty dining facilities, recreational facilities, student activities facilities, continuing education facilities or activities, health facilities, college bookstore, or student or faculty parking facilities of the College, including all improvements, extensions, enlargements or betterments thereto or replacement thereof; and

(b) all revenue-producing facilities related to the operation of the College, the income of which the Board hereafter determines, by resolution and without further consideration from the owners of the Bonds, to pledge to the payment of Bonds, pursuant to law then in effect and not in conflict with the provisions and limitations of the Resolution, rather than with a separate and independent pledge of revenues; but

(c) such term does not include, unless hereafter determined by the Board by resolution and pursuant to law then in effect, any facilities that were or will be built with moneys appropriated to the College or to the Board by the State.

“First Supplemental Resolution” means the First Supplemental Resolution adopted by the Board on January 28, 2009.

“Fiscal Year” means the 12 months commencing on July 1st of any calendar year and ending on June 30th of the next succeeding year.


“Funds” means any or all of the Revenue Fund, Debt Service Fund, Reserve Fund, Additional Payment Fund, Rebate Fund and Repair and Replacement Fund described in the Master Resolution.

“Gross Revenues” means (a) all income and revenues derived by the College from the Facilities; (b) all revenues derived from the Student Fees, (c) all revenues accruing to the College from continuing education; and (d) such other income, fees and revenues as the Board hereafter determines, by resolution
and without further consideration from the owners of the Bonds, to include in Gross Revenues, pursuant to law then in effect and not in conflict with the provisions and limitations of the Master Resolution or any Supplemental Resolution. The term Gross Revenues does not however, include (A) any Released Revenues in respect of which there have been filed with the Secretary of the Board the documents contemplated in the definition of “Released Revenues”; or (B) any general fund moneys appropriated by the State General Assembly or any moneys derived from any general (ad valorem) tax levied against property by the State or any instrumentality thereof. Reference should be made to the definition of Capital Construction Debt Service Fee, College Service Fee, and other definitions of Student Fees in the Master Resolution for the expiration dates of Student Fees, if any.

“Improvements Project” means any project to construct, renovate, remodel, modify or otherwise acquire, equip or operate (or any combination thereof) facilities for the College, as authorized by State law and described by Supplemental Resolution.

“Independent Accountant” means any certified public accountant, or any firm of such accountants, licensed to practice under the laws of the State, selected by the Board or the State Auditor, as applicable, who is independent and who may be regularly retained to make annual or similar audits of any books or records of the College.

“Institutional Enterprise” means the College, as a whole, as designated as an “enterprise” by the Board under the provisions of the Institutional Enterprise Statute.

“Institutional Enterprise Revenue Bonds” means any bond or bonds or Commercial Paper Notes, as the case may be, authenticated and delivered under and pursuant to the Master Resolution, and secured by the pledge of Net Revenues as provided in the Master Resolution plus Tuition Revenues as provided in the Master Resolution.

“Institutional Enterprise Revenues” means the Net Revenues plus Tuition Revenues.


“Insured Bank” means a bank which is a member of the Federal Deposit Insurance Corporation.

“Interest Payment Date” means any date on which interest is due and payable on any Bond, as specified by Supplemental Resolution.

“Issue Date” means the date on which the Series 2009 Bonds are first delivered to the initial purchasers against payment therefor.

“Issuing and Paying Agent” means the Person so designated in a Supplemental Resolution authorizing the issuance of any Commercial Paper Notes.

“Master Resolution” means the Master Bond Resolution adopted by the Board on January 28, 2009, as it may be amended or supplemented from time-to-time by any Supplemental Resolution.

“Maturity Value” means the amount defined as such in a Supplemental Resolution for purposes of determining the amount payable to the owner of a Capital Appreciation Bond at the maturity of such Capital Appreciation Bond.

“Net Revenues” means the Gross Revenues less (a) the Prior Auxiliary Bond Obligations, and (b) Operation and Maintenance Expenses not paid as provided in clause (a).

“Operation and Maintenance Expenses” means all reasonable and necessary current expenses of the College, paid or accrued, of operating, maintaining and repairing the Facilities, and will include, without limiting the generality of the foregoing, legal and incidental expenses of the various departments within the College directly related and reasonably allocable to the administration of the Facilities, insurance premiums, the reasonable charges of any paying agent or depositary bank, contractual services, professional services required by the Master Resolution and the related Supplemental Resolutions, salaries and administrative expenses, labor, and all costs incurred by the Board in the collection of Gross Revenues, but will not include any allowance for depreciation and other non-cash, non-accrual accounting adjustments, any internal charges for administrative overhead, any costs of reconstructions, improvements, extensions or betterments, any accumulation of reserves for capital replacements, any reserves for operation, maintenance or repair of any Facilities, any allowance for the redemption of any bond or other security evidencing a loan or the payment of any interest thereon, and any legal liability not based on contract.

“Other Credit Facility Obligations” means the payment obligations of the Board, other than interest and principal reimbursement obligations, under a Reimbursement Agreement or otherwise pursuant to any Credit Facility, including any interest, fees, costs, reasonable attorneys’ fees incurred in connection with any Credit Facility or Reimbursement Agreement, and any other similar amounts required to be paid by the Board pursuant to any such obligation.

“Outstanding” means, when used with reference to Bonds or Parity Obligations and as of any particular date, all such Bonds or Parity Obligations:

(a) except any Bonds or Parity Obligations canceled or delivered for cancellation by the Board, or on the Board’s behalf, at or before such date;

(b) except any Bonds or Parity Obligations deemed to have been paid, redeemed, purchased or defeased as provided in the Master Resolution, or any Supplemental Resolution or any Parity Obligation Instrument, as applicable, or as provided by law or any similar section of any resolution or other instrument authorizing such Bonds or Parity Obligations; and

(c) except any Bonds or Parity Obligations in lieu of or in substitution for which another Bond or Parity Obligation will have been executed and delivered pursuant to the Master Resolution, any Supplemental Resolution or any Parity Obligation Instrument, as applicable.

“Parity Auxiliary Obligations” means any debt or financial obligations of the Board (other than the Bonds) that have a lien on the Net Revenues on a parity with the lien of a series of Bonds hereunder, as permitted by the Master Resolution.

“Parity Institutional Obligations” means any debt or financial obligations of the Board (other than the Institutional Enterprise Revenue Bonds) that have a lien on the Institutional Enterprise Revenues on a parity with the lien of a series of Institutional Enterprise Revenue Bonds hereunder, as permitted by the Master Resolution.

“Parity Obligations” means, collectively, Parity Auxiliary Obligations and Parity Institutional Obligations.
“Paying Agent” means any bank or trust company or national or state banking association designated to make payment of the principal and Redemption Price of and interest on Bonds, and its successor or successors, hereafter appointed by Supplemental Resolution.

“Permitted Investments” means such investments as at the time are permitted by the laws of the State and the investment policies of the Board for the College and investments permitted by any Supplemental Resolution.

“Person” means natural persons, firms, associations, partnerships and public bodies.

“Pricing Certificate” means a certificate executed by the Board Representative and evidencing the determinations made pursuant to the First Supplemental Resolution.

“Prior Auxiliary Bond Obligations” means the operation and maintenance expenses, principal and interest payments and reserve fund and rebate fund deposits required to be paid pursuant to the Prior Auxiliary Bond Resolution.

“Prior Auxiliary Bond Resolution” means the bond resolution authorizing the issuance of the Series 2004A Bonds, to the extent that the Prior Auxiliary Bonds remain outstanding under the terms of the Prior Auxiliary Bond Resolution.

“Prior Auxiliary Bonds” means the Series 2004A Bonds that remain outstanding under the terms of the Prior Auxiliary Bond Resolution.

“Qualified Counterparty” means any person entering into a Qualified Exchange Agreement with the Board which, at the time of the execution of the Qualified Exchange Agreement, satisfies any applicable requirements of State law, and its successors and assigns, or any substitute Qualified Counterparty, appointed or consented to from time-to-time by the Board or its authorized officers.

“Qualified Exchange Agreement” means any financial arrangement between the Board and a Qualified Counterparty relating to an exchange of interest rates, cash flows or payments (a) relating to any Bonds, in accordance with the laws of the State; or (b) as otherwise specifically authorized by the Board, in accordance with the laws of the State.

“Rating Agencies” means any of Moody’s, S&P or Fitch, then maintaining ratings on any of the Bonds at the request of the Board.

“Rebate Fund” means the “Rebate Fund,” described in the Master Resolution, including all accounts created therein.

“Redemption Price” means, with respect to any Bond, an amount, including any applicable premium, payable upon the mandatory or optional redemption thereof, as provided in any Supplemental Resolution.

“Registrar” means any bank or trust company or national or state banking association, designated to keep a register of the owners of Bonds and its successor or successors, hereafter appointed by Supplemental Resolution.

“Regular Record Date” means the close of business on the fifteenth day (whether or not a Business Day) of the calendar month next preceding each regularly scheduled Interest Payment Date for the Series 2009 Bonds.
“Reimbursement Agreement” means any reimbursement or comparable agreement that may be entered into between the Board and a Credit Facility Provider in connection with any Credit Facility.

“Released Revenues” means revenues otherwise included in Gross Revenues in respect of which the following documents have been filed with the Secretary of the Board:

(a) a duly adopted Supplemental Resolution describing the revenues and any related Facilities to be excluded from the term Gross Revenues and authorizing the exclusion of such revenues from such term;

(b) a written certification by the Board Representative to the effect that Net Revenues in the two most recent completed Fiscal Years, after the revenues and any related Facilities covered by the Supplemental Resolution described in paragraph (a) above are excluded, were at least equal to the Average Annual Debt Service Requirements with respect to all Bonds that will remain Outstanding after the exclusion of such revenues and any related Facilities;

(c) an opinion of Bond Counsel to the effect that the exclusion of such revenues and any related Facilities from the definition of Gross Revenues and from the pledge and lien of the Master Resolution will not, in and of itself, cause the interest on any Outstanding Bonds to be included in gross income for purposes of federal income tax; and

(d) written confirmation from each of the Rating Agencies to the effect that the exclusion of such revenues and any related Facilities from the pledge and lien of the Master Resolution will not cause a withdrawal or reduction in any unenhanced rating then assigned to the Bonds.

Upon filing of such documents, the revenues and any related Facilities described in the Supplemental Resolution will no longer be included in the computation of Gross Revenues and will be excluded from the pledge and lien of the Master Resolution.

“Repair and Replacement Fund” means the “Repair and Replacement Fund” described in the Master Resolution, including all accounts created therein.

“Reserve Fund” means the “Reserve Fund,” described in the Master Resolution, including all accounts created therein.

“Resolution” means the Master Resolution as supplemented by the First Supplemental Resolution.

“Revenue Fund” means the “Revenue Fund,” established in the Master Resolution.


“Series 2004A Bonds” means the “Board of Trustees for Adams State College, Adams State College Auxiliary Facilities Enterprise Refunding and Improvement Revenue Bonds, Series 2004A” issued in the aggregate principal amount of $11,575,000 and presently outstanding in the aggregate principal amount of $9,830,000.
“Series 2009 Bonds” means the Board of Trustees for Adams State College Auxiliary Facilities Revenue Bonds, Series 2009 being issued pursuant to the Master Resolution and the First Supplemental Resolution.

“Series 2009 Expense Account” means the account created in the First Supplemental Resolution.

“Series 2009 Improvements Project Account” means the account created in the First Supplemental Resolution.

“Special Obligation Bonds” means the bonds payable from all or a portion of receipts derived from a Special Project as provided in the Master Resolution.

“Special Project” means a future undertaking not financed on a common-fund basis, as provided in the Master Resolution.

“Special Record Date” means a special date fixed to determine the names and addresses of owners of Bonds for purposes of paying interest on a special interest payment date for the payment of defaulted interest, all as further provided in the Master Resolution.

“State” means the State of Colorado.

“State Intercept Act” means Section 23-5-139, Colorado Revised Statutes, as amended.

“State Intercept Program” means the Higher Education Revenue Bond Intercept Program, established pursuant to the State Intercept Act.

“State Treasurer” means the treasurer of the State.

“Student Fees” means the following mandatory fees assessed against students of the College, including any increases in such fees as may be implemented from time-to-time: (a) the Capital Construction Debt Service Fee; and (b) that portion of the College Service Fee attributable to use and availability of certain of the Facilities.

“Subordinate Lien Obligations” means all bonds or other obligations hereafter issued or incurred payable from the Net Revenues or the Institutional Enterprise Revenues and issued with a lien on the Net Revenues or the Institutional Enterprise subordinate to the lien of the Bonds on Net Revenues and subordinate to the lien of the Institutional Enterprise Revenue Bonds on the Institutional Enterprise Revenues.

“Supplemental Resolution” means any resolution supplemental to or amendatory of the Master Resolution, adopted by the Board in accordance with the Master Resolution.

“Tuition Revenues” means 10% of the tuition revenues of the College derived from charges to students for the provision of general instruction by the College, whether collected or accrued, and not including any general fund moneys appropriated by the general assembly of the State.

“2009 Improvements Project” means the financing of certain Improvements Projects as determined by the Board, including but not limited to (a) constructing and equipping of a new multi-use student housing facility, (b) improving, renovating and refurbishing existing on-campus student housing, (c) funding capitalized interest to pay a portion of the interest due on the Series 2009 Bonds through May 15, 2010, (d) reimbursing the College for previously incurred capital expenditures, and (e) such
other capital projects as may be designated by the Board and financed with proceeds of the Series 2009 Bonds.


“2009 Registrar” means the 2009 Paying Agent acting as agent of the Board for the registration of the Series 2009 Bonds, and any successor thereto.

**Bond Resolution Constitutes Contract**

In consideration of the purchase and acceptance of any Bonds by those who will own the same from time-to-time, the Resolution will constitute an irrevocable contract between the Board and owners of any Bonds issued thereunder; and the Master Resolution will be and remain irrepealable until the Bonds will be fully paid, canceled and discharged except as therein otherwise provided.

**Special Obligations**

All Debt Service Requirements of the Bonds will be payable and collectible solely out of the Net Revenues or Institutional Enterprise Revenues, as pledged. The owner or owners thereof may not look to any general or other fund for the payment of the principal of, premium, if any, or interest on the Bonds, except the designated special funds pledged therefor. The Bonds will not constitute an indebtedness or a debt within the meaning of any constitutional or statutory provision or limitation and the Bonds will not be considered or held to be general obligations of the Board or the College, but will constitute the Board’s special obligations. No obligation created under the Master Resolution will ever be or become a charge or debt against the State.

**No Pledge of Property**

The payment of the Bonds is not secured by an encumbrance, mortgage or other pledge of property of the College or the Board, except for the Net Revenues or Institutional Enterprise Revenues, as pledged, and any other moneys pledged for the payment of the Bonds.

**Redemption of Bonds**

Certain of the Bonds are subject to redemption prior to maturity, in accordance with the provisions of the Resolution as described in “THE SERIES 2009 BONDS—Prior Redemption.”

**Registration, Transfer and Exchange of Bonds**

The Registrar for any Bonds will be specified in the related Supplemental Resolution. Unless otherwise provided in a Supplemental Resolution, the Registrar will not be required to transfer or exchange (a) any Bond subject to redemption during a period beginning at the opening of business 15 days before the day of the mailing by the Registrar of a notice of prior redemption of Bonds and ending at the close of business on the day of such mailing, or (b) any Bond after the mailing of notice calling such Bond or any portion thereof for redemption as provided in the Master Resolution. The person in whose name any Bond will be registered on the registration records kept by the Registrar, will be deemed and regarded as the absolute owner thereof for the purpose of making payments thereof (except to the extent otherwise provided in any Supplemental Resolution with respect to interest payments) and for all other purposes; and payment of either principal of or interest on any Bond will be
made only to or upon the written order of the registered owner thereof or his/her legal representative. All such payments will be valid and effectual to discharge the liability upon such Bond to the extent of the sum or sums so paid. Whenever any Bond will be surrendered to the Paying Agent upon payment thereof, or to the Registrar for transfer, exchange or replacement as provided herein, such Bond will be promptly canceled by the Paying Agent or Registrar.

**Payment of Bond Requirements**  
*(as provided in the First Supplemental Resolution)*

(a) **Principal and Final Interest.** The principal or Redemption Price of and the final interest payment on any Series 2009 Bond will be payable to the owner thereof as shown on the registration books maintained by the 2009 Registrar upon maturity or prior redemption thereof and upon presentation and surrender at the principal office of the 2009 Paying Agent. If any Series 2009 Bond will not be paid upon such presentation and surrender at or after maturity, it will continue to draw interest (but without compounding of interest) at the rate borne by it until the principal thereof is paid in full.

(b) **Interest.** The interest due on any Series 2009 Bond on any Interest Payment Date, other than the final interest payment thereon, will be paid to the owner thereof, as shown on the registration books kept by the 2009 Registrar at the close of business on the Regular Record Date. Any such interest not so timely paid or duly provided for will cease to be payable to the person who is the owner of such Series 2009 Bond on the Regular Record Date and will be payable to the person who is the owner of such Series 2009 Bond at the close of business on a Special Record Date for the payment of any such defaulted interest. Such Special Record Date will be fixed in accordance with the Master Resolution.

(c) **Payment of Interest.** All payments of interest (other than the final interest payment) on any Series 2009 Bond will be paid to the person entitled thereto pursuant to subsection (b) above.

(d) **State Intercept Program.** The payment of the principal of and interest on the Series 2009 Bonds is secured pursuant to the State Intercept Program. The Board represents that the Series 2009 Bonds qualify for the State Intercept Program because the Series 2009 Bonds satisfy the following provisions of the State Intercept Program: (i) the maximum total annual debt service payments of the Series 2009 Bonds, and any other bonds of the College to which the State Intercept Program applies, are one hundred percent (100%) or less of the College’s prior year fee-for-service contract revenue; and (ii) the pledged revenues for the Series 2009 Bonds include not less than: (A) the net revenues of auxiliaries; (B) ten percent (10%) of tuition if the College is an enterprise, as defined in Section 24-77-102(3), Colorado Revised statutes, as amended; (C) indirect cost recovery revenues, if any; (D) facility construction fees designated for bond repayment, if any; and (E) student fees and ancillary revenues currently pledged to existing bondholders.

In accordance with the State Intercept Program, whenever the 2009 Paying Agent has not received a payment on the Series 2009 Bonds on the business day immediately prior to the date on which such payment is due, the 2009 Paying Agent is required to notify the State Treasurer and the College. The State Treasurer is then required to contact the College to determine whether the College will make the payment by the date on which it is due. If the College indicates to the State Treasurer that it will not make the payment on the Series 2009 Bonds by the date on which it is due, or if the State Treasurer cannot contact the College, the State Treasurer is required to
forward to the 2009 Paying Agent, in immediately available funds of the State, the amount necessary to make the payment of the principal of and interest on the Series 2009 Bonds.

If the State Treasurer makes a payment on Series 2009 Bonds under the State Intercept Act, he or she is to recover the amount forwarded by withholding amounts from the College’s payments of the State’s fee-for-service contract with the College, from any other state support for the College and from any unpledged tuition moneys collected by the College. The total amount withheld in a month cannot exceed 1/12 of the annual amount due from the State’s fee-for-service contract with the College for each occasion on which the State Treasurer forwards money to the 2009 Paying Agent. With respect to each payment on Series 2009 Bonds made by the State Treasurer, the State Treasurer cannot withhold for more than twelve consecutive months for each occasion on which the State Treasurer forwards amounts pursuant to the State Intercept Act. While the withholding of fee-for-service payments is limited to twelve consecutive months, the State Intercept Act does not correspondingly limit the State’s contingent obligation to pay the Series 2009 Bonds. The College has the option of making early repayment of all or any portion of an amount forwarded by the State Treasurer for payment on a Series 2009 Bonds.

The State Treasurer is required to notify the State’s Department of Higher Education and General Assembly of amounts withheld and payments made pursuant to the State Intercept Act. If the College has a debt service payment forwarded to the 2009 Paying Agent by the State Treasurer, the College will not request a supplemental general fund appropriation or budget amendment for the amount forwarded in order to replace withheld fee-for-service revenue.

If the State Treasurer is required to make a payment on Series 2009 Bonds of the College, the State Department of Education is required to initiate an audit of the College to determine the reason for the nonpayment of the Series 2009 Bonds and to assist the College, if necessary, in developing and implementing measures to ensure that future payments will be made when due.

The State has covenanted that it will not repeal, revoke or rescind the provisions of the State Intercept Act or modify or amend the State Intercept Act so as to limit or impair the rights and remedies granted under the State Intercept Act to purchasers of Series 2009 Bonds. The State Intercept Act provides, however, that it will not be deemed or construed to require the State to continue the payment of State assistance to any College or to limit or prohibit the State from repealing, amending or modifying any law relating to the amount of State assistance to Colleges or the manner of payment or the timing thereof. The State Intercept Act further provides that it will not be deemed or construed to create a debt of the State with respect to any Series 2009 Bonds within the meaning of any State constitutional provision or to create any liability except to the extent provided in the State Intercept Act.

The College may adopt a resolution stating that it will not accept on behalf of the College payment of principal and interest as provided in the State Intercept Act. If the College adopts such a resolution, it must be adopted prior to issuance or incurrence of the bonds to which it applies. Following adoption of such a resolution, the College is to provide written notice to the State Treasurer of its refusal to accept payment. The College may rescind its refusal to accept payment by written notice of such rescission to the State Treasurer.

The Board has not adopted a resolution stating that it will not accept payment from the State Treasurer under the State Intercept Program with respect to the Series 2009 Bonds; consequently, the State Intercept Program applies to the payment of the Series 2009 Bonds and the State Treasurer will make payment of the principal of and interest on the Series 2009 Bonds, if necessary, as described above.
The Board is hereby directed to file with the State Treasurer a copy of this First Supplemental Resolution, a copy of the Official Statement and the name, address and telephone number of the 2009 Paying Agent.

(e) Application of Excess Net Revenues and Excess Tuition Revenues. In the event that payments of the principal of and interest on the Series 2009 Bonds are made by the State Treasurer pursuant to the provisions of the State Intercept Program, the Board agrees that, to the extent such amounts paid by the State Treasurer have not been recovered by the State Treasurer from the sources set forth in Section 23-5-139(3) of the State Intercept Act, the Board will, solely from Net Revenues remaining in the System Revenue Account of the Revenue Fund, and, if at such time the Series 2009 Bonds are also secured by Tuition Revenues, Tuition Revenues in the Tuition Account of the Revenue Fund, as described under “Use of Remaining Revenues” below that the Board has determined are available for such purpose, pay to the State Treasurer an amount equal to the principal and interest payments made by the State Treasurer, less any such amounts previously recovered by or paid to the State Treasurer.

Disposition of Bond Proceeds

Proceeds of the Bonds, upon the receipt thereof, will be deposited promptly in an Insured Bank or Banks designated by the Board and will be accounted for and expended in the manner provided in the related Supplemental Resolution. The First Supplemental Resolution provides that proceeds of the Series 2009 Bonds be deposited with the 2009 Paying Agent, or another Insured Bank or Banks designated by the Board, will be accounted for in the following manner and priority, and are pledged therefore as follows:

(a) Series 2009 Improvements Project Account. First, from the proceeds of the Series 2009B Bonds, there will be deposited in a separate account, which account is created, to be known as “Board of Trustees for Adams State College Auxiliary Revenue Bonds, Series 2009, Improvements Project Account” (the “Series 2009 Improvements Project Account”), such amount as the Board Representative will determine to be necessary and available to defray the costs of the 2009 Improvements Project. Such account will be under the control of the Board.

(b) Series 2009 Interest Account. Second, from the proceeds of the Series 2009 Bonds, there will be deposited to the credit of a separate account created by the First Supplemental Resolution (the “Series 2009 Interest Account”) an amount for payment of capitalized interest to pay a portion of the interest due on the Series 2009 Bonds through May 15, 2010.

(c) Series 2009 Expense Account. Third, from the proceeds of the Series 2009 Bonds, there will be deposited to the credit of a separate account, created by the First Supplemental Resolution (the “Series 2009 Expense Account”), which Series 2009 Expense Account will be under the control of the Board, all remaining amounts of proceeds of the Series 2009 Bonds. From such Series 2009 Expense Account, the Board will be authorized to pay all expenses associated with the issuance of the Series 2009 Bonds, and, except as otherwise paid as provided in subsection (a) above, the 2009 Improvements Project. Any moneys remaining in the Series 2009 Expense Account six months after the date of issuance of the Series 2009 Bonds will be transferred to the Series 2009 Principal Account of the Debt Service Fund with respect to the Series 2009 Bonds.
(d) **Reimbursement to College.** Fourth, an additional amount of Series 2009 Bond Proceeds will be paid to the College to reimburse the College for previous capital expenditures associated with the 2009 Improvements Project.

**Revenue Fund Deposits**

All Gross Revenues will be collected by the Board and credited daily, as far as practicable, into the System Revenue Account of the Revenue Fund, so long as any Bonds or Parity Obligations will be Outstanding. All Tuition Revenues will be collected by the Board and credited daily, as far as practicable, into the Tuition Revenue Account of the Revenue Fund, so long as any Institutional Enterprise Revenue Bonds or Parity Institutional Obligations will be Outstanding. While any Prior Auxiliary Bonds are Outstanding, any moneys transferred from the revenue fund created under the Prior Auxiliary Bond Resolution to the Revenue Fund remain available to pay any claims on such moneys that are senior to that of the Bonds or Parity Obligations.

**Administration of Revenue Fund for Auxiliary Facilities Revenue Bonds**

So long as any of the Auxiliary Facilities Revenue Bonds will be Outstanding, the following payments will be made from the System Revenue Account of the Revenue Fund, as provided in subsections (a) through (i) below, provided, however, that no Tuition Revenues on deposit in the Tuition Revenue Account of the Revenue Fund will be used to make the payments set forth in subsections (a) through (i) below for Auxiliary Facilities Revenue Bonds.

(a) **Payments With Respect to Prior Auxiliary Bond Obligations.** Amounts in the Revenue Fund will first be used to pay Prior Auxiliary Bond Obligations that are currently due and payable.

(b) **Operation and Maintenance Expenses.** As a next charge on the System Revenue Account of the Revenue Fund, there will be paid, as they become due and payable, any Operation and Maintenance Expenses that are not paid as provided in subsection (a) above.

(c) **Debt Service Fund.** After making the payments described in subsections (a) and (b) above, amounts on deposit in the Revenue Fund will be paid or credited to the Debt Service Fund, on a pro rata basis if there is a deficiency in the amount of available Net Revenues, as follows:

(i) **Interest Account.** Prior to each Interest Payment Date, the amount necessary, together with any moneys therein and available therefor, to pay the next maturing installment of interest on each series of Outstanding Auxiliary Facilities Revenue Bonds will be credited to the interest account for that series of Auxiliary Facilities Revenue Bonds.

(ii) **Principal Account.** Prior to each principal payment date, the amount necessary, together with any moneys therein and available therefor, to pay the next regularly scheduled installment of principal, whether at maturity or on a mandatory sinking fund redemption date, on each series of Outstanding Auxiliary Facilities Revenue Bonds will be credited to the principal account for that series of Auxiliary Facilities Revenue Bonds. Payments required by this Section to be made from the Revenue Fund to the interest account or principal account for any series of Auxiliary Facilities Revenue Bonds.
Bonds may be made more or less frequently for any series of Auxiliary Facilities Revenue Bonds if so provided in the related Supplemental Resolution.

(iii) In the event that moneys available in any Commercial Paper Credit Facility Account are insufficient to make any payment of principal of or interest on any Commercial Paper Notes coming due, such deficiency will be paid by transferring the necessary amounts from the Commercial Paper Note Interest Account and/or the Commercial Paper Note Principal Account, as appropriate. After payment of principal of or interest on any Commercial Paper Notes from amounts in any Commercial Paper Credit Facility Account representing drawings on the applicable Commercial Paper Credit Facility, amounts available in the Commercial Paper Note Principal Account and the Commercial Paper Note Interest Account will be transferred to the applicable Commercial Paper Credit Facility Provider to pay Credit Facility Reimbursement Obligations due as a result of principal drawings and interest drawings, respectively, on the related Commercial Paper Credit Facility, to the extent such Commercial Paper Credit Facility Provider has not already been reimbursed for such amounts from proceeds of Commercial Paper Notes as provided in the related Supplemental Resolution. If at any time the amount available in the Commercial Paper Note Interest Account or the Commercial Paper Note Principal Account exceeds the amounts required to pay interest on or principal of, as the case may be, Commercial Paper Notes coming due within the next 30 days, as determined by the Board, plus the amount of any Credit Facility Reimbursement Obligations then due, such excess amount in the Commercial Paper Note Interest Account or Commercial Paper Note Principal Account will be transferred to the Commercial Paper Note Account of the Additional Payment Fund and applied as provided in subsection (f)(ii) below. The money credited to the interest account and the principal account for each series of Auxiliary Facilities Revenue Bonds will be used by the Board only to pay the Debt Service Requirements of the applicable Auxiliary Facilities Revenue Bonds as such Debt Service Requirements become due; except as otherwise provided in the Master Resolution with respect to payment of Credit Facility Reimbursement Obligations due to a Credit Facility Provider and amounts payable to any Qualified Counterparty under a Qualified Exchange Agreement. Moneys on deposit in the Debt Service Fund to be used to pay Debt Service Requirements on the Bonds will be transferred from the Debt Service Fund to the applicable Paying Agent on or before the relevant due dates. Additional accounts will be established by the Board as part of the Debt Service Fund for the payment of each series of Bonds.

(iv) Payments and Reimbursements to Credit Facility Provider and Qualified Counterparty. The following amounts required to be paid by the Board will be deposited in the applicable Auxiliary Facilities Revenue Bonds principal account and interest account or other sinking fund which will be a subaccount of the applicable principal account or interest account and paid from the Revenue Fund with the same priority as other payments of Debt Service Requirements on Auxiliary Facilities Revenue Bonds: (A) amounts to pay or reimburse a Credit Facility Provider for payments of Debt Service Requirements on Auxiliary Facilities Revenue Bonds made by that Credit Facility Provider, including payments to any bond insurer for such payments on Auxiliary Facilities Revenue Bonds with proceeds of a municipal bond insurance policy and principal and interest amounts payable to a Credit Facility Provider in accordance with the provisions of the applicable Reimbursement Agreement; and (B) amounts payable to any Qualified Counterparty under a Qualified Exchange Agreement if such payments are designated in a Supplemental Resolution or other instrument relating to that Qualified Exchange Agreement as having a lien on Net Revenues on a parity with the lien thereon
of Auxiliary Facilities Revenue Bonds; provided that the part of any interest payment to a Credit Facility Provider and to a Qualified Counterparty computed at a rate which exceeds the maximum bond interest rate for the related series of Auxiliary Facilities Revenue Bonds will not be payable with the priority set forth in this clause but will be payable with the priority set forth in subsection (f) below.

(d) **Reserve Fund.** The Board may establish, but is not required to establish, a reserve requirement with respect to any series of Auxiliary Facilities Revenue Bonds. A separate debt service reserve account ("Debt Service Reserve Account") will be created within the Reserve Fund for each separate series of Auxiliary Facilities Revenue Bonds for which there is a reserve requirement. The reserve requirement, if any, for a series of Auxiliary Facilities Revenue Bonds may be satisfied by a deposit of moneys or a Credit Facility, and any form of such deposit may be exchanged for any other permitted form of deposit of an equivalent amount; provided, however, (a) that obligations backed by the provider of a Credit Facility be rated at least "A2" by Moody's and at least "A" by S&P; (b) that prior to expiration of a Credit Facility in any account, another Credit Facility of equivalent credit quality is provided, and, if such replacement Credit Facility is unavailable, the reserve requirement will be funded on a scheduled basis or at one time prior to expiration of the existing Credit Facility; (c) if the terms of a Credit Facility prohibit replenishment after draw-down, the Board will provide an additional Credit Facility or sufficient funds to ensure satisfaction of the reserve requirement; and (d) if a Credit Facility permits premature termination without payment, the conditions for such premature termination will be limited to Board bankruptcy or default on any Auxiliary Facilities Revenue Bonds, or by an accumulation on a scheduled basis of Auxiliary Facilities Revenue Bond proceeds, investment earnings or other deposits from the Revenue Fund after the payments and deposits required by subsections (a) through (c) above, have been made which will result in an amount equal to the reserve requirement for such series of Auxiliary Facilities Revenue Bonds being on deposit or available no later than the date of the last scheduled application of capitalized interest for such series of Auxiliary Facilities Revenue Bonds.

The moneys and the proceeds in each Debt Service Reserve Account will be maintained as a continuing reserve to be used only to prevent deficiencies in the payment of the Debt Service Requirements coming due on the Auxiliary Facilities Revenue Bonds for which such account was created resulting from the failure to timely deposit into the Debt Service Fund sufficient funds to pay such amounts as the same become due. Any moneys at any time in any Debt Service Reserve Account in excess of the applicable reserve fund requirement, including investment earnings derived from amounts on deposit in such Debt Service Reserve Account, may (and as may be necessary to comply with the covenants set forth in the Master Resolution) be withdrawn therefrom and transferred to the applicable accounts in the Debt Service Fund.

On any required payment date of any outstanding Auxiliary Facilities Revenue Bonds, if there will not be on deposit in the applicable Interest Account or Principal Account for such series of Auxiliary Facilities Revenue Bonds the full amount necessary to pay the Debt Service Requirements on such series of Auxiliary Facilities Revenue Bonds becoming due on such date, then an amount will be transferred from the applicable Debt Service Reserve Account, if any, on such date into the applicable Principal or Interest Account equal to the difference between the amount on deposit in such Interest Account or Principal Account and the full amount required. All money on deposit in the Debt Service Reserve Account for such series of Auxiliary Facilities Revenue Bonds will be transferred prior to making a draw on a Credit Facility on deposit in the Debt Service Reserve Account. The amount transferred from any Debt Service Reserve Account or the amount of any deficiency existing in any Debt Service Reserve Account will be reimbursed, replaced or reaccumulated in such Debt Service Reserve Account, no later than the
end of the fifth full Fiscal Year following such transfer or the determination of such deficiency, or within such other period of time as set forth in the resolution or other instrument authorizing the issuance of the applicable series of Auxiliary Facilities Revenue Bonds, from amounts available therefor in the Revenue Fund after making the payments and deposits required by subsections (a) through (c) above.

(e) **Termination Upon Deposits to Maturity.** No payment needs to be made into the principal account or interest account of the Debt Service Fund or the Debt Service Reserve Account of the Reserve Fund for a series of Auxiliary Facilities Revenue Bonds if, with respect to such series of Auxiliary Facilities Revenue Bonds, no amounts are owed with respect to prior payments of principal (whether at maturity or pursuant to mandatory sinking fund payment dates) of or interest on such series of Auxiliary Facilities Revenue Bonds, and the amounts on deposit for the payment of such Auxiliary Facilities Revenue Bonds in such accounts total a sum at least equal to all Debt Service Requirements of the outstanding Auxiliary Facilities Revenue Bonds of such series to their maturity or mandatory redemption dates, or to any date for which the Board will have exercised or will have obligated itself to exercise its option to redeem such Auxiliary Facilities Revenue Bonds prior to their maturity or mandatory redemption dates. In such event, moneys in the Debt Service Reserve Account of the Reserve Fund first and then in the interest account and principal account of the Debt Service Fund for the payment of such series of Auxiliary Facilities Revenue Bonds, in amounts equal to such Debt Service Requirements as they become due, will be used solely to pay such Debt Service Requirements and any moneys in excess thereof for the payment of such series of Auxiliary Facilities Revenue Bonds in the Reserve Fund and Debt Service Fund may be used as provided under “Use of Remaining Revenues” below.

(f) **Payment of Interest, Fees, Expenses, Purchase Price, and Similar Amounts; Additional Payment Fund.**

(i) After making or crediting the payments and deposits required by subsections (a) through (e) above, amounts on deposit in the Revenue Fund will be used as necessary, and as and to the extent specified by Supplemental Resolution to pay all amounts, including interest and Exchange Termination Payments and other amounts relating to Auxiliary Facilities Revenue Bonds, owed pursuant to any Credit Facility for a series of Auxiliary Facilities Revenue Bonds or relating to a Qualified Exchange Agreement and which are not payable pursuant to the terms of any preceding subsection above. Net Revenues used to pay interest, Exchange Termination Payments, and other amounts pursuant to this section with respect to any series of Auxiliary Facilities Revenue Bonds will be deposited by the Board into the applicable account of the Additional Payment Fund relating to such series of Auxiliary Facilities Revenue Bonds on or before the due date thereof. Payments due from the Board as a result of the early termination of any Qualified Exchange Agreement or which otherwise are not net periodic payments of the Board under any Qualified Exchange Agreement will be Exchange Termination Payments payable from the Additional Payment Fund, and Net Revenues are irrevocably pledged to secure payment of any Exchange Termination Payments on a basis subordinate to the pledge securing the Auxiliary Facilities Revenue Bonds and any other Parity Obligations issued under the Master Resolution and on a basis senior to the pledge securing Subordinate Lien Obligations issued under the Master Resolution.

(ii) With respect to any Commercial Paper Notes, after making or crediting the payments and deposits required by subsections (a) through (e) above, amounts on
deposit in the Revenue Fund will, during each month in which the Board is indebted to a Commercial Paper Credit Facility Provider under a Reimbursement Agreement, be deposited into the Commercial Paper Note Account of the Additional Payment Fund in an amount which, together with any moneys in such Commercial Paper Note Account available for such purpose will be sufficient to pay to the Commercial Paper Credit Facility Provider all Credit Facility Reimbursement Obligations and Other Credit Facility Obligations then due under such Reimbursement Agreement after any transfer to the Commercial Paper Credit Facility Provider of amounts from the Commercial Paper Note Interest Account and the Commercial Paper Note Principal Account of the Debt Service Fund as provided in subsection (c)(iii) above.

(g) **Payment for Subordinate Lien Obligations.** Subject to the payments required by subsections (a) through (f) above, and subject to the limitations set forth in the Master Resolution, any moneys remaining in the Revenue Fund may be used by the Board, as necessary, for the payment of the costs of issuing and the debt service requirements relating to any Subordinate Lien Obligations, to make rebate payments relating to Subordinate Lien Obligations, and to make deposits into any debt service reserve fund or account required to be made from Net Revenues in the manner set forth in the resolution or other instrument authorizing the issuance of the applicable Subordinate Lien Obligations.

(h) **Rebate Fund.**

(i) **Control of Rebate Fund.** The Rebate Fund will be under the control of the Board and a separate rebate account will be created in the Rebate Fund with respect to each series of Auxiliary Facilities Revenue Bonds to the extent required by the Supplemental Resolution or other instrument authorizing such series of Auxiliary Facilities Revenue Bonds. Amounts from available Net Revenues will be deposited in the related rebate account and will be expended in accordance with the provisions of the Master Resolution and the provisions of the related Supplemental Resolution. The College will make or cause to be made all requisite rebate calculations and deposit the resulting rebate amount into the related rebate account. The College will make or cause to be made disbursements from the related rebate account in accordance with the provisions of the related Supplemental Resolution and any tax certificate executed pursuant thereto. The College will invest the amounts on deposit in the related rebate account and will deposit income from said investments immediately upon receipt thereof in the related rebate account, all as set forth in the related Supplemental Resolution. The Board may request a designated agent to make the necessary rebate calculations based upon information furnished by the College and, upon advice as to the rebate amount, cause the College to deposit the same into the related rebate account.

(ii) **Rebate Deposits.** The Board, through its designated officers, will make the rebate deposits and computations with respect to a series of Auxiliary Facilities Revenue Bonds as described in the related Supplemental Resolution. If a withdrawal from the related rebate account or any applicable subaccounts therein is permitted as a result of such computations, the amount withdrawn may be used by the Board for any lawful purpose. Records of the determinations required by this section and the related Supplemental Resolution must be retained by the Board until six years after the final retirement of the related series of Auxiliary Facilities Revenue Bonds.

(iii) **Rebate Disbursements.** The Board, through its designated officers, will make payments to the United States, from the moneys on deposit in the related rebate
account or any applicable subaccounts therein, at the times and in the amounts specified in the related Supplemental Resolution. No later than 60 days after the final retirement of the related series of Auxiliary Facilities Revenue Bonds, the Board, through its designated officers, will pay to the United States the balance of any payments required from the related rebate account or any applicable subaccounts therein which will remain in existence for such period of time as is necessary for such final payment to be made. Each payment will be accompanied by a copy of an Internal Revenue Form 8038-T (or such comparable form as may be required at the time) with respect to the Auxiliary Facilities Revenue Bonds, and a statement summarizing the determination of the amount to be paid to the United States. The Board reserves 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.

(i) **Repair and Replacement Fund.** The Board may establish, but is not required to establish, a repair and replacement requirement with respect to any series or subseries of Auxiliary Facilities Revenue Bonds. A separate repair and replacement account ("Repair and Replacement Account") will be created within the Repair and Replacement Fund for each separate series of Auxiliary Facilities Revenue Bonds for which there is a repair and replacement requirement as provided in the related Supplemental Resolution for each series of Auxiliary Facilities Revenue Bonds. The repair and replacement requirement, if any, for a series of Auxiliary Facilities Revenue Bonds may be satisfied by a deposit of moneys or by an accumulation on a scheduled basis of Auxiliary Facilities Revenue Bond proceeds, investment earnings or other deposits from the Revenue Fund after the payments hereinabove required to be made by subsections (a) through (h) above, which will result in an amount equal to the repair and replacement requirement for such series of Auxiliary Facilities Revenue Bonds being on deposit or available no later than the date so provided in the related Supplemental Resolution for such series of Auxiliary Facilities Revenue Bonds. The moneys and the proceeds in each Repair and Replacement Account will be maintained as a continuing fund for each separate series of Auxiliary Facilities Revenue Bonds to be used as provided in the related Supplemental Resolution for such series of Auxiliary Facilities Revenue Bonds. Any moneys at any time in any Repair and Replacement Account in excess of the applicable repair and replacement fund requirement, including investment earnings derived from amounts on deposit in such Repair and Replacement Account, may be withdrawn therefrom to pay any revenue bonds or other obligations payable from the Revenue Fund, including but not necessarily limited to the related series of Auxiliary Facilities Revenue Bonds, if such payment is necessary to prevent any default in the payment of such obligations, or otherwise.

**Administration of Revenue Fund for Institutional Enterprise Revenue Bonds**

So long as there are both Institutional Enterprise Revenue Bonds and Auxiliary Facilities Enterprise Revenue Bonds Outstanding under the Master Resolution, the following payments for Institutional Enterprise Revenue Bonds (other than the payments described in subsections (a) and (b) below) will be made first from the Tuition Revenue Account of the Revenue Fund and next from the System Revenue Account of the Revenue Fund, as provided in subsections (c) through (i) below. So long as there are only Institutional Enterprise Revenue Bonds outstanding under the Master Resolution, the College may apply amounts in the System Revenue Account of the Revenue Fund and the Tuition Revenue Account of the Revenue Fund to the payments set forth in subsections (c) through (i) below in any order of priority that the College determines. Any amounts paid from the System Revenue Account of the Revenue Fund for Institutional Enterprise Revenue Bonds as set forth in subsections (a) through (i) below will be made concurrently with and on a pro-rata parity basis with the payments set forth under...
“Administration of Revenue Fund for Auxiliary Facilities Revenue Bonds,” subsections (a) through (i) above, for Auxiliary Facilities Revenue Bonds.

(a) **Payments With Respect to Prior Auxiliary Bond Obligations.** Amounts in the Revenue Fund will first be used to pay Prior Auxiliary Bond Obligations that are currently due and payable.

(b) **Operation and Maintenance Expenses.** As a next charge on the System Revenue Account of the Revenue Fund, there will be paid, as they become due and payable, any Operation and Maintenance Expenses that are not paid as provided in subsection (a) above.

(c) **Debt Service Fund.** After making the payments required by subsections (a) and (b) above, amounts on deposit in the Revenue Fund will be paid or credited to the Debt Service Fund, on a pro rata basis if there is a deficiency in the amount of available Net Revenues, as follows:

(i) **Interest Account.** Prior to each Interest Payment Date, the amount necessary, together with any moneys therein and available therefor, to pay the next maturing installment of interest on each series of Outstanding Institutional Enterprise Revenue Bonds will be credited to the interest account for that series of Institutional Enterprise Revenue Bonds.

(ii) **Principal Account.** Prior to each principal payment date, the amount necessary, together with any moneys therein and available therefor, to pay the next regularly scheduled installment of principal, whether at maturity or on a mandatory sinking fund redemption date, on each series of Outstanding Institutional Enterprise Revenue Bonds will be credited to the principal account for that series of Institutional Enterprise Revenue Bonds. Payments required by this Section to be made from the Revenue Fund to the interest account or principal account for any series of Institutional Enterprise Revenue Bonds may be made more or less frequently for any series of Institutional Enterprise Revenue Bonds if so provided in the related Supplemental Resolution.

(iii) In the event that moneys available in any Commercial Paper Credit Facility Account are insufficient to make any payment of principal of or interest on any Commercial Paper Notes coming due, such deficiency will be paid by transferring the necessary amounts from the Commercial Paper Note Interest Account and/or the Commercial Paper Note Principal Account, as appropriate. After payment of principal of or interest on any Commercial Paper Notes from amounts in any Commercial Paper Credit Facility Account representing drawings on the applicable Commercial Paper Credit Facility, amounts available in the Commercial Paper Note Principal Account and the Commercial Paper Note Interest Account will be transferred to the applicable Commercial Paper Credit Facility Provider to pay Credit Facility Reimbursement Obligations due as a result of principal drawings and interest drawings, respectively, on the related Commercial Paper Credit Facility, to the extent such Commercial Paper Credit Facility Provider has not already been reimbursed for such amounts from proceeds of Commercial Paper Notes as provided in the related Supplemental Resolution. If at any time the amount available in the Commercial Paper Note Interest Account or the Commercial Paper Note Principal Account exceeds the amounts required to pay interest on or principal of, as the case may be, Commercial Paper Notes coming due within the next 30 days, as determined by the Board, plus the amount of any Credit Facility
Reimbursement Obligations then due, such excess amount in the Commercial Paper Note Interest Account or Commercial Paper Note Principal Account will be transferred to the Commercial Paper Note Account of the Additional Payment Fund and applied as provided in subsection (f)(ii) below. The money credited to the interest account and the principal account for each series of Institutional Enterprise Revenue Bonds will be used by the Board only to pay the Debt Service Requirements of the applicable Institutional Enterprise Revenue Bonds as such Debt Service Requirements become due; except as otherwise provided in the Master Resolution with respect to payment of Credit Facility Reimbursement Obligations due to a Credit Facility Provider and amounts payable to any Qualified Counterparty under a Qualified Exchange Agreement. Moneys on deposit in the Debt Service Fund to be used to pay Debt Service Requirements on the Institutional Enterprise Revenue Bonds will be transferred from the Debt Service Fund to the applicable Paying Agent on or before the relevant due dates. Additional accounts will be established by the Board as part of the Debt Service Fund for the payment of each series of Institutional Enterprise Revenue Bonds.

(iv) Payments and Reimbursements to Credit Facility Provider and Qualified Counterparty. The following amounts required to be paid by the Board will be deposited in the applicable Institutional Enterprise Revenue Bonds principal account and interest account or other sinking fund which will be a subaccount of the applicable principal account or interest account and paid from Revenue Fund with the same priority as other payments of Debt Service Requirements on Institutional Enterprise Revenue Bonds: (A) amounts to pay or reimburse a Credit Facility Provider for payments of Debt Service Requirements on Institutional Enterprise Revenue Bonds made by that Credit Facility Provider, including payments to any bond insurer for such payments on Institutional Enterprise Revenue Bonds with proceeds of a municipal bond insurance policy and principal and interest amounts payable to a Credit Facility Provider in accordance with the provisions of the applicable Reimbursement Agreement; and (B) amounts payable to any Qualified Counterparty under a Qualified Exchange Agreement if such payments are designated in a Supplemental Resolution or other instrument relating to that Qualified Exchange Agreement as having a lien on Net Revenues on a parity with the lien thereon of Institutional Enterprise Revenue Bonds; provided that the part of any interest payment to a Credit Facility Provider and to a Qualified Counterparty computed at a rate which exceeds the maximum bond interest rate for the related series of Institutional Enterprise Revenue Bonds will not be payable with the priority set forth in this paragraph but will be payable with the priority set forth in subsection (f) below.

(d) Reserve Fund. The Board may establish, but is not required to establish, a reserve requirement with respect to any series of Institutional Enterprise Revenue Bonds. A separate debt service reserve account (“Debt Service Reserve Account”) will be created within the Reserve Fund for each separate series of Institutional Enterprise Revenue Bonds for which there is a reserve requirement. The reserve requirement, if any, for a series of Institutional Enterprise Revenue Bonds may be satisfied by a deposit of moneys or a Credit Facility, and any form of such deposit may be exchanged for any other permitted form of deposit of an equivalent amount; provided, however, (a) that obligations backed by the provider of a Credit Facility be rated at least “A2” by Moody’s and at least “A” by S&P; (b) that prior to expiration of a Credit Facility in any account, another Credit Facility of equivalent credit quality is provided, and, if such replacement Credit Facility is unavailable, the reserve requirement will be funded on a scheduled basis or at one time prior to expiration of the existing Credit Facility; (c) if the terms of a Credit Facility prohibit replenishment after draw-down, the Board will provide an additional Credit Facility or sufficient funds to ensure satisfaction of the reserve requirement; and (d) if a
Credit Facility permits premature termination without payment, the conditions for such premature termination will be limited to Board bankruptcy or default on any Institutional Enterprise Revenue Bonds, or by an accumulation on a scheduled basis of Institutional Enterprise Revenue Bond proceeds, investment earnings or other deposits from the Revenue Fund after the payments and deposits required by subsections (a) and (b) above have been made which will result in an amount equal to the reserve requirement for such series of Institutional Enterprise Revenue Bonds being on deposit or available no later than the date of the last scheduled application of capitalized interest for such series of Institutional Enterprise Revenue Bonds.

The moneys and the proceeds in each Debt Service Reserve Account will be maintained as a continuing reserve to be used only to prevent deficiencies in the payment of the Debt Service Requirements coming due on the Institutional Enterprise Revenue Bonds for which such account was created resulting from the failure to timely deposit into the Debt Service Fund sufficient funds to pay such amounts as the same become due. Any moneys at any time in any Debt Service Reserve Account in excess of the applicable reserve fund requirement, including investment earnings derived from amounts on deposit in such Debt Service Reserve Account, may (and as may be necessary to comply with the covenants set forth in the Master Resolution) be withdrawn therefrom and transferred to the applicable accounts in the Debt Service Fund.

On any required payment date of any outstanding Institutional Enterprise Revenue Bonds, if there will not be on deposit in the applicable Interest Account or Principal Account for such series of Institutional Enterprise Revenue Bonds the full amount necessary to pay the Debt Service Requirements on such series of Institutional Enterprise Revenue Bonds becoming due on such date, then an amount will be transferred from the applicable Debt Service Reserve Account, if any, on such date into the applicable Principal or Interest Account equal to the difference between the amount on deposit in such Interest Account or Principal Account and the full amount required. All money on deposit in the Debt Service Reserve Account for such series of Institutional Enterprise Revenue Bonds will be transferred prior to making a draw on a Credit Facility on deposit in the Debt Service Reserve Account. The amount transferred from any Debt Service Reserve Account or the amount of any deficiency existing in any Debt Service Reserve Account will be reimbursed, replaced or reaccumulated in such Debt Service Reserve Account, no later than the end of the fifth full Fiscal Year following such transfer or the determination of such deficiency, or within such other period of time as set forth in the resolution or other instrument authorizing the issuance of the applicable series of Institutional Enterprise Revenue Bonds, from amounts available therefor in the Revenue Fund after making the payments and deposits required by subsections (a) through (c) above.

(e) **Termination Upon Deposits to Maturity.** No payment needs to be made into the principal account or interest account of the Debt Service Fund or the Debt Service Reserve Account of the Reserve Fund for a series of Institutional Enterprise Revenue Bonds if, with respect to such series of Institutional Enterprise Revenue Bonds, no amounts are owed with respect to prior payments of principal (whether at maturity or pursuant to mandatory sinking fund payment dates) of or interest on such series of Institutional Enterprise Revenue Bonds, and the amounts on deposit for the payment of such Institutional Enterprise Revenue Bonds in such accounts total a sum at least equal to all Debt Service Requirements of the outstanding Institutional Enterprise Revenue Bonds of such series to their maturity or mandatory redemption dates, or to any date for which the Board will have exercised or will have obligated itself to exercise its option to redeem such Institutional Enterprise Revenue Bonds prior to their maturity or mandatory redemption dates. In such event, moneys in the Debt Service Reserve Account of the Reserve Fund first and then in the interest account and principal account of the Debt Service Fund for the payment of such series of Institutional Enterprise Revenue Bonds, in amounts equal
to such Debt Service Requirements as they become due, will be used solely to pay such Debt Service Requirements and any moneys in excess thereof for the payment of such series of Institutional Enterprise Revenue Bonds in the Reserve Fund and Debt Service Fund may be used as provided under “Use of Remaining Revenues” below.

(f) Payment of Interest, Fees, Expenses, Purchase Price, and Similar Amounts; Additional Payment Fund.

(i) After making or crediting the payments and deposits required by subsections (a) through (e) above, amounts on deposit in the Revenue Fund will be used as necessary, and as and to the extent specified by Supplemental Resolution to pay all amounts, including interest and Exchange Termination Payments and other amounts relating to Institutional Enterprise Revenue Bonds, owed pursuant to any Credit Facility for a series of Institutional Enterprise Revenue Bonds or relating to a Qualified Exchange Agreement and which are not payable pursuant to the terms of any preceding section above. Net Revenues used to pay interest, Exchange Termination Payments, and other amounts pursuant to this section with respect to any series of Institutional Enterprise Revenue Bonds will be deposited by the Board into the applicable account of the Additional Payment Fund relating to such series of Institutional Enterprise Revenue Bonds on or before the due date thereof. Payments due from the Board as a result of the early termination of any Qualified Exchange Agreement or which otherwise are not net periodic payments of the Board under any Qualified Exchange Agreement will be Exchange Termination Payments payable from the Additional Payment Fund, and Net Revenues are irrevocably pledged to secure payment of any Exchange Termination Payments on a basis subordinate to the pledge securing the Institutional Enterprise Revenue Bonds and any other Parity Auxiliary Obligations issued under the Master Resolution and on a basis senior to the pledge securing Subordinate Lien Obligations issued under the Master Resolution.

(ii) With respect to any Commercial Paper Notes, after making or crediting the payments and deposits required by subsections (a) through (e) above, amounts on deposit in the Revenue Fund will, during each month in which the Board is indebted to a Commercial Paper Credit Facility Provider under a Reimbursement Agreement, be deposited into the Commercial Paper Note Account of the Additional Payment Fund in an amount which, together with any moneys in such Commercial Paper Note Account available for such purpose will be sufficient to pay to the Commercial Paper Credit Facility Provider all Credit Facility Reimbursement Obligations and Other Credit Facility Obligations then due under such Reimbursement Agreement after any transfer to the Commercial Paper Credit Facility Provider of amounts from the Commercial Paper Note Interest Account and the Commercial Paper Note Principal Account of the Debt Service Fund as provided in subsection (c)(iii) above.

(g) Payment for Subordinate Lien Obligations. Subject to the payments required by subsections (a) through (f) above, and subject to the limitations set forth in the Master Resolution, any moneys remaining in the Revenue Fund may be used by the Board, as necessary, for the payment of the costs of issuing and the debt service requirements relating to any Subordinate Lien Obligations, to make rebate payments relating to Subordinate Lien Obligations, and to make deposits into any debt service reserve fund or account required to be made from Net Revenues in the manner set forth in the resolution or other instrument authorizing the issuance of the applicable Subordinate Lien Obligations.
(h) **Rebate Fund.**

(i) **Control of Rebate Fund.** The Rebate Fund will be under the control of the Board and a separate rebate account will be created in the Rebate Fund with respect to each series of Institutional Enterprise Revenue Bonds to the extent required by the Supplemental Resolution or other instrument authorizing such series of Institutional Enterprise Revenue Bonds. Amounts from available Net Revenues will be deposited in the related rebate account and will be expended in accordance with the provisions of the Master Resolution and the provisions of the related Supplemental Resolution. The College will make or cause to be made all requisite rebate calculations and deposit the resulting rebate amount into the related rebate account. The College will make or cause to be made disbursements from the related rebate account in accordance with the provisions of the related Supplemental Resolution and any tax certificate executed pursuant thereto. The College will invest the amounts on deposit in the related rebate account and will deposit income from said investments immediately upon receipt thereof in the related rebate account, all as set forth in the related Supplemental Resolution. The Board may request a designated agent to make the necessary rebate calculations based upon information furnished by the College and, upon advice as to the rebate amount, cause the College to deposit the same into the related rebate account.

(ii) **Rebate Deposits.** The Board, through its designated officers, will make the rebate deposits and computations with respect to a series of Institutional Enterprise Revenue Bonds as described in the related Supplemental Resolution. If a withdrawal from the related rebate account or any applicable subaccounts therein is permitted as a result of such computations, the amount withdrawn may be used by the Board for any lawful purpose. Records of the determinations required by this Section and the related Supplemental Resolution must be retained by the Board until six years after the final retirement of the related series of Institutional Enterprise Revenue Bonds.

(iii) **Rebate Disbursements.** The Board, through its designated officers, will make payments to the United States, from the moneys on deposit in the related rebate account or any applicable subaccounts therein, at the times and in the amounts specified in the related Supplemental Resolution. No later than 60 days after the final retirement of the related series of Institutional Enterprise Revenue Bonds, the Board, through its designated officers, will pay to the United States the balance of any payments required from the related rebate account or any applicable subaccounts therein which will remain in existence for such period of time as is necessary for such final payment to be made. Each payment will be accompanied by a copy of an Internal Revenue Form 8038-T (or such comparable form as may be required at the time) with respect to the Institutional Enterprise Revenue Bonds, and a statement summarizing the determination of the amount to be paid to the United States. The Board reserves the right, in all events, to pursue such remedies and procedures as are available to it in order to assert any claim of over-payment of any rebated amounts.

(i) **Repair and Replacement Fund.** The Board may establish, but is not required to establish, a repair and replacement requirement with respect to any series or subseries of Institutional Enterprise Revenue Bonds. A separate repair and replacement account (“Repair and Replacement Account”) will be created within the Repair and Replacement Fund for each separate series of Institutional Enterprise Revenue Bonds for which there is a repair and replacement requirement as provided in the related Supplemental Resolution for each series of Institutional Enterprise Revenue Bonds. The repair and replacement requirement, if any, for a
series of Institutional Enterprise Revenue Bonds may be satisfied by a deposit of moneys or by an accumulation on a scheduled basis of Institutional Enterprise Revenue Bond proceeds, investment earnings or other deposits from the Revenue Fund after the payments required to be made by subsections (a) through (g) above, which will result in an amount equal to the repair and replacement requirement for such series of Institutional Enterprise Revenue Bonds being on deposit or available no later than the date so provided in the related Supplemental Resolution for such series of Institutional Enterprise Revenue Bonds. The moneys and the proceeds in each Repair and Replacement Account will be maintained as a continuing fund for each separate series of Institutional Enterprise Revenue Bonds to be used as provided in the related Supplemental Resolution for such series of Institutional Enterprise Revenue Bonds. Any moneys at any time in any Repair and Replacement Account in excess of the applicable repair and replacement fund requirement, including investment earnings derived from amounts on deposit in such Repair and Replacement Account, may be withdrawn therefrom to pay any revenue bonds or other obligations payable from the Revenue Fund, including but not necessarily limited to the related series of Institutional Enterprise Revenue Bonds, if such payment is necessary to prevent any default in the payment of such obligations, or otherwise.

Use of Remaining Revenues

After making the payments required to be made under “Administration of Revenue Fund for Institutional Enterprise Revenue Bonds” above, as applicable, any remaining Net Revenues in the System Account of the Revenue Fund and any remaining Tuition Revenues in the Tuition Account of the Revenue Fund may be used for any one or any combination of lawful purposes, as the Board may from time-to-time determine. Such purposes may include, without limiting the generality of the foregoing, the purchase of any Outstanding Auxiliary Facilities Revenue Bonds or any Institutional Enterprise Revenue Bonds, as applicable, in the open market.

Investment of Moneys

Any moneys in any Fund or account not needed for immediate use, may be invested by the Board in Permitted Investments to the extent permitted by the investment policies of the Board and the laws of the State, including, without limitation, Part 6 of Article 75 of Title 24, Colorado Revised Statutes, as amended from time-to-time. Such investments will be deemed to be a part of said Fund or account, and any loss will be charged thereto. Any profit from investments of moneys in the applicable accounts of the Reserve Fund and the Rebate Fund will be credited thereto as the same is received. Any profits from investments of moneys in any other Funds or accounts will be used for any one or any combination of lawful purposes as the Board may from time-to-time determine. In computing the amount in any such Fund or account for any purpose, except as otherwise expressly provided in the Master Resolution, such obligation will be valued at the cost thereof, exclusive of the accrued interest or other gain; provided however, that any obligation purchased at a premium may initially be valued at the cost thereof, but in each year after such purchase will be valued at a lesser amount determined by ratably amortizing the premium over the remaining term of the obligation. All expenses incidental to any investment or reinvestment of moneys pursuant to the Master Resolution will be accounted for as Operation and Maintenance Expenses. Nothing in the Master Resolution will prevent the commingling of moneys accounted for in any Fund or account created under the Master Resolution or any Supplemental Resolution and any other moneys of the Board for purposes of investment. The Board will present for redemption or sale on the prevailing market at the best price obtainable any investments in any Fund or account whenever it will be necessary to do so in order to provide moneys to meet any withdrawal, payment, or transfer from such Fund or account. The Board will not be liable for any loss resulting from any such investment made in accordance with the Master Resolution or any Supplemental Resolution.
Tax Covenant

The Board covenants for the benefit of each owner of the Bonds that from time-to-time that it will not (a) make any use of the proceeds of any Bonds, any fund reasonably expected to be used to pay the principal of or interest on any Bonds, or any other funds of the Board; (b) make any use of any Facilities; or (c) take (or omit to take) any other action with respect to any Bonds, the proceeds thereof, or otherwise, if such use, action or omission would under the Code cause the interest on any Bonds to be included in gross income for federal income tax purposes or be treated as an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals, trusts, estates 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).

In particular, the Board covenants for the benefit of each owner of the Bonds that from time-to-time that it will not take (or omit to take) or permit or suffer any action to be taken if the result of the same would cause the Bonds to be (a) “arbitrage bonds” within the meaning of Section 148 of the Code, including for such purposes, to the extent applicable, the rebate requirements of Section 148(f) of the Code; or (b) ”private activity bonds” within the meaning of Section 141 of the Code. Such covenants of the Board will survive the payment of the Bonds of a series until all rebate requirements related to the Bonds of such series have been satisfied. The officers of the Board are authorized to execute a tax certificate and any confirming certificates as provided in the Master Resolution in implementation of the foregoing covenants, and the representations, agreements, and additional covenants set forth therein will be deemed the representations, agreements, and covenants of the Board, as if the same were set forth in the Master Resolution. The covenants set forth in this Section will not apply to any series of Bonds if, at the time of issuance, the Board intends the interest on such series of Bonds to be subject to federal income tax.

Parity Obligations

The Master Resolution reserves to the Board the right, subject to certain conditions, to issue additional Bonds or incur Parity Obligations and to pledge the Net Revenues to the payment of such Bonds and Parity Obligations on a parity with the pledge of the Net Revenues for the Bonds, as described in “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2009 BONDS—Additional Enterprise Obligations.”

Further Assurances

At any and all times, the Board will, so far as it may be authorized by law, pass, make, do, execute, acknowledge, and deliver all and every such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, assigning and confirming all and singular the rights, Gross Revenues, Institutional Enterprise Revenues, and other Funds and accounts pledged or assigned by the Master Resolution, or intended so to be, or which the Board may hereafter become bound to pledge or to assign, or as may be reasonable and required to carry out the purposes of the Master Resolution and to comply with law. The Board will at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Net Revenues or Institutional Enterprise Revenues, as appropriate, and other Funds and accounts pledged under the Master Resolution and all the rights of every owner of the Bonds against all claims and demands of all persons whomsoever.
Fees, Rates and Charges

While any Institutional Enterprise Revenue Bonds or Bonds are Outstanding, and subject to applicable law, the Board will continue to impose such fees and charges as are included within the Institutional Enterprise Revenues or Gross Revenues and will continue the present operation and use of the Institutional Enterprise or the Facilities, and the Board will cause to be established and maintained such reasonable fees, rental rates and other charges for the Institutional Enterprise or for the use of all Facilities as will return annually Institutional Enterprise Revenues or Gross Revenues sufficient (a) to pay all amounts required under the Master Resolution with respect to the Prior Auxiliary Bonds, (b) to pay any Operation and Maintenance Expenses from Gross Revenues, (c) to pay 100% of the annual Debt Service Requirements of the Institutional Enterprise Revenue Bonds or the Bonds and any Parity Institutional Obligations or Parity Obligations payable from the Institutional Enterprise Revenues or Net Revenues, (d) to make any deposits required to the Reserve Fund, and (e) to pay the annual Debt Service Requirements of any other obligations payable from Institutional Enterprise Revenues or Net Revenues, in addition to the Institutional Enterprise Bonds or the Bonds and any Parity Institutional Obligations or Parity Obligations payable from Net Revenues, including without limitation any reserves required to be accumulated therefor or any reimbursement pursuant to a reserve fund insurance policy, surety bond, financial guaranty agreement and qualified exchange agreement relating thereto, including but not limited to the repayment of draws, expenses and accrued interest relating thereto, all as provided in the Master Resolution. Such fees, rates and charges must be reasonable and just, taking into account and consideration the cost and the value of the Institutional Enterprise or the Facilities and the services rendered by the Institutional Enterprise and the Operation and Maintenance Expenses, and the amounts necessary for the retirement of all Institutional Enterprise Bonds or Bonds and any other obligations payable from revenues derived from their operation, accrued interest thereon, and any reserves therefor.

Disposal of Unnecessary Property

The Board may sell, destroy, abandon, otherwise dispose of, or alter at any time any property constituting a part of the Facilities or the Institutional Enterprise which will have been replaced by other property of at least equal value, or which will cease to be necessary for the efficient operation of the Facilities or the Institutional Enterprise, or which will not decrease Gross Revenues or Institutional Enterprise Revenues below the requirements under “Fees, Rates and Charges” above. A written determination by the Board that the Gross Revenues and Institutional Enterprise Revenues will be sufficient to meet the requirements under “Fees, Rates and Charges” above after such sale, destruction, abandonment, other disposition, or alteration, will be conclusively determined to be accurate, absent a showing of bad faith; provided, however, that in the event of any sale or other compensated disposition as aforesaid, the proceeds received on such disposition will be credited to the Debt Service Fund or otherwise as designated by the Board.

Annual Statements and Audits

Upon the written request of the owners of 25% in principal amount of the Bonds at the time Outstanding, but not more often than once a year, the Board will cause an audit of the books and accounts related to the Bonds to be made by an Independent Accountant, the expense of each such audit to be considered as an Operation and Maintenance Expense.

Defeasance

When all principal of, premium, if any, and interest and other amounts due on the Bonds, Parity Obligations, or the Exchange Termination Payments, or any portion thereof, have been duly paid, the pledge and lien of all obligations under the Master Resolution will thereby by discharged as to such issue
or part of such issue and such issue or part of such issue will no longer be deemed to be Outstanding within the meaning of the Master Resolution. There will be deemed to be such due payment if the Board has placed in escrow or in trust with a trust bank exercising trust powers, an amount sufficient, including the known minimum yield available for such purpose from federal securities in which such amount wholly or in part may be initially invested, to meet all requirements of principal of, premium, if any, and interest on the securities issue, as such requirements become due to their final maturities or upon any designated redemption dates. The federal securities will become due prior to the respective times on which the proceeds thereof will be needed, in accordance with a schedule established and agreed upon between the Board and such trust bank at the time of the creation of the escrow or trust, or the federal securities will be subject to redemption at the option of the holders thereof to assure such availability as so needed to meet such schedule.

Events of Default

Each of the following events is hereby declared an “event of default”:

(a) Nonpayment of Principal or Redemption Price. Payment of the principal or Redemption Price of any of the Bonds will not be made when the same will become due and payable either at maturity or by proceedings for prior redemption or otherwise.

(b) Nonpayment of Interest. Payment of any installment of interest will not be made when the same becomes due and payable.

(c) Nonpayment of Parity Obligations. Payment of principal, interest or other amounts payable on any Parity Obligations will not be made when the same becomes due and payable.

(d) Incapable to Perform. The Board will for any reason be rendered incapable of fulfilling its obligations under the Master Resolution.

(e) Appointment of Receiver. An order or decree will be entered by a court of competent jurisdiction with the consent or acquiescence of the Board appointing a receiver or receivers for the Facilities or for the rates and charges derived therefrom, or if an order or decree having been entered without the consent or acquiescence of the Board, will not be vacated or discharged or stayed on appeal within 60 days after entry.

(f) Default of any Provision. The Board will make default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Bonds or in this resolution on its part to be performed, and if such default will continue for 60 days after written notice specifying such default and requiring the same to be remedied will have been given to the Board by the purchaser of the Bonds or by the owners of 25% in principal amount of the Bonds then Outstanding.

Remedies on Default

Upon the happening and continuance of any of the events of default as provided under “Events of Default” above, then in every case the owners of not less than 25% in principal amount of the Bonds then Outstanding, including but not limited to a trustee or trustees therefor, may proceed against the College, the Board and the agents, officers and employees of the College or the Board, or of both, to protect and to enforce the rights of any owner of Bonds by mandamus or by other suit, action or special proceedings in equity or at law, in any court of competent jurisdiction, either for the appointment of a receiver or for the
specific performance of any covenant or agreement contained in the Master Resolution or in an award of execution of any power granted in the Master Resolution for the enforcement of any proper, legal or equitable remedy as such owner may deem most effectual to protect and to enforce such rights aforesaid, or thereby to enjoin any act or thing which may be unlawful or in violation of any right of any owner of any Bond, or to require the Board to act as if it were the trustee of an expressed trust, or any combination of such remedies. All such proceedings at law or in equity will be instituted, had and maintained for the equal benefit of all owners of the Bonds then Outstanding.

Duties Upon Default

Upon the happening of any of the events of default as provided under “Events of Default” above, the Board, in addition, will do and will perform all proper acts on behalf of and for the owners of Bonds to protect and to preserve the security created for the payment of their Bonds and to insure the payment of the principal of and the interest on such Bonds promptly as the same become due. All Net Revenues, so long as any of such Bonds, either as to principal or interest, are Outstanding and unpaid, will be paid into the Debt Service Fund. In the event the Board fails or refuses to proceed as provided in this section, the owners of not less than 25% in principal amount of the Bonds then Outstanding, after demand in writing, may proceed to protect and to enforce the rights of the owners of the Bonds as provided in the Master Resolution; and to that end any such owners of Outstanding Bonds will be subrogated to all rights of the Board under any agreement, lease or contract involving the College entered into prior to the effective date of the Master Resolution or thereafter while any of the Bonds are Outstanding and unpaid.

Limitations Upon Amendments

The Master Resolution may be amended or supplemented by Supplemental Resolutions adopted by the Board in accordance with the laws of the State, without receipt by the Board of any additional consideration, but, except as otherwise provided in the Master Resolution, with the written consent of the owners of a majority of the principal amount of Bonds or Parity Obligations Outstanding at the time of the adoption of such Supplemental Resolution; provided, however, that no such resolution will have the effect of permitting:

(a) Changing Payment. A change in the maturity of any Outstanding Bond;

(b) Reducing Return. A reduction in the principal amount of, or other amount specified in, any Bond, Parity Obligation or Qualified Exchange Agreement or the rate of interest thereon, without the consent of the owner of the Bond, Parity Obligation or Qualified Exchange Agreement;

(c) Prior Lien. The creation of a lien upon or a pledge of revenues ranking prior to the lien or to the pledge created by the Master Resolution;

(d) Modifying Any Bond. A reduction of the principal amount or percentages or otherwise affecting the description of Bonds, Parity Obligations or Qualified Exchange Agreement, the consent of the owners of which is required for any such modification or amendment;

(e) Priorities Between Bonds. The change of priorities as between any Bonds, Parity Obligations or other obligations secured by the Net Revenues or Tuition Revenues or both, issued and Outstanding under the provisions of the Master Resolution; or
(f) **Partial Modification.** The modification of or otherwise affecting the rights of the owners of less than all of the Bonds or Parity Obligations (including rights with respect to Exchange Termination Payments thereunder) then Outstanding; provided further, however, the Master Resolution may be amended or supplemented by resolutions adopted by the Board, without receipt of any additional consideration and without consent of the Bondholders, as provided in the Master Resolution and otherwise to cure any ambiguity, to correct or supplement any provision in the Master Resolution which may be inconsistent with any other provision in the Master Resolution, or to make any other provision with respect to matters or questions arising under the Master Resolution which would not be inconsistent with the provisions of the Master Resolution, provided such action will not materially adversely affect the interests of the owners of the Bonds and Parity Obligations then Outstanding or rights with respect to Exchange Termination Payments.

**Supplemental Resolutions**

For any one or more of the following purposes and at any time or from time-to-time, the Board may adopt and execute a Supplemental Resolution, which, upon adoption and execution, will be fully effective in accordance with its terms without the consent of any Bondholders (except as otherwise specifically provided below):

(a) to authorize Bonds of a series and, in connection therewith, to specify and determine the matters and things referred to in the Master Resolution and also any other matters and things relative to such Bonds which are not in conflict with the Master Resolution as theretofore in effect, or to amend, modify or rescind any such authorization, specification or determination at any time prior to the first delivery of such Bonds;

(b) to conform the Master Resolution to any amendment of any Supplemental Resolution in accordance with its terms;

(c) to close the Master Resolution or any Supplemental Resolution against, or provide limitations and restrictions in addition to the limitations and restrictions contained in the Master Resolution or any Supplemental Resolution on, the delivery of Bonds or the issuance of other evidences of indebtedness;

(d) to add to the covenants and agreements of the Board in the Master Resolution or any Supplemental Resolution, other covenants and agreements to be observed by the Board which are not in conflict with the Master Resolution or the applicable Supplemental Resolutions as theretofore in effect;

(e) to add to the limitations and restrictions in the Master Resolution or any Supplemental Resolution other limitations and restrictions to be observed by the Board which are not in conflict with the Master Resolution or the applicable Supplemental Resolution, as therefore in effect;

(f) to confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, the Master Resolution or any Supplemental Resolution of the Net Revenues, or to provide for the release of revenues from the lien or pledge of the Master Resolution in accordance with the provisions of the Master Resolution;

(g) to modify any of the provisions of the Master Resolution or any Supplemental Resolution in any respect whatever; provided that (i) such modification will be, and be expressed
to be, effective only after all Outstanding Bonds of any series at the date of the adoption of such Master Resolution or Supplemental Resolution will cease to be Outstanding Bonds; and (ii) such Supplemental Resolution will be specifically referred to in the text of all Bonds of any series delivered after the date of the adoption of such Supplemental Resolution and of Bonds issued in exchange therefor or in place thereof;

(h) to modify, amend or supplement the Master Resolution or any Supplemental Resolution in such manner as to permit, if presented, the qualification thereof under the Trust Indenture Act of 1939 or any similar federal statute hereafter in effect or under any state blue sky law;

(i) to surrender any right, power or privilege reserved to or conferred upon the Board by the terms of the Master Resolution; provided that the surrender of such right, power or privilege is not in conflict with the covenants and agreements of the Board contained in the Master Resolution;

(j) to increase the debt service reserve fund requirement and any capitalized interest requirements;

(k) to alter the Master Resolution to comply with the requirements of a nationally recognized rating agency in order to obtain or maintain a rating on any of the Bonds in one of the four highest rating categories of such rating agency;

(l) to designate Paying Agents, Registrars and other fiduciaries for the Bonds of any series;

(m) to modify, amend or supplement the Master Resolution or any Supplemental Resolution in order to provide for or eliminate book entry registration of all or any of the Bonds;

(n) to amend a prior Supplemental Resolution in accordance with the provisions thereof;

(o) for any other purpose in respect of any Bonds or any series of Bonds which, at the time such amendments are made, are fully secured by a pledge of or lien on direct obligations of or obligations the principal of and interest on which is unconditionally guaranteed by, the United States of America, certified by an independent certified public accountant to be sufficient to provide for the full and timely payment of principal and Redemption Price of, and interest on, the Bonds;

(p) if such amendment does not amend this section or reduce the principal amount or Maturity Value, delay principal or Maturity Value payment dates, reduce interest rates, delay Interest Payment Dates or Accretion Dates, or, except to the extent contemplated therein, amend redemption provisions, then applicable to any series of Bonds and then, at least one of the following conditions is met:

(i) on the effective date of such amendment, all Bonds of such series are secured by a Credit Facility through the later of the next date on which such Bonds are subject to optional or mandatory purchase or their maturity, the consent of the issuer of the Credit Facility is obtained and the Board has been provided with proof satisfactory to it that such amendment will not result in an reduction of any rating of any of the Bonds in effect immediately prior to such amendment;
(ii) such amendment is made to facilitate the provision of a Credit Facility for a series of Bonds that is not then secured by a Credit Facility; or

(iii) such amendment is made to facilitate (A) the maintenance of any current rating of the Bonds of such series, or (B) the obtaining of any higher rating of the Bonds of such series desired by the Board; and

(q) to facilitate the issuance of and provision of security for Parity Obligations in accordance with the Master Resolution.
APPENDIX C

FORM OF OPINION OF BOND COUNSEL

[__________], 2009

Board of Trustees for
Adams State College
208 Edgemont Blvd.
Alamosa, CO 81102

$[__________]
THE BOARD OF TRUSTEES FOR ADAMS STATE COLLEGE
(Alamosa, Colorado)
Auxiliary Facilities Revenue Bonds
Series 2009B

$[__________]
THE BOARD OF TRUSTEES FOR ADAMS STATE COLLEGE
(Alamosa, Colorado)
Taxable Auxiliary Facilities Revenue Improvement Bonds
(Build America Bonds—Direct Payment to Board)
Series 2009C

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance by the Board of Trustees for Adams State College (the “Board”) of its Board of Trustees for Adams State College Auxiliary Facilities Revenue Bonds, Series 2009B (the “Series 2009B Bonds”) and the Board of Trustees for Adams State College Taxable Auxiliary Facilities Revenue Improvement Bonds (Build America Bonds – Direct Payment to Board), Series 2009C (the “Series 2009C Bonds”), and together with the Series 2009B Bonds, the “Series 2009 Bonds”). The Series 2009 Bonds are being issued by the Board pursuant to Sections 23-5-101.5, 23-5-102, 23-5-103, 23-5-104 and 23-5-105, Colorado Revised Statutes, as amended (collectively, the “Auxiliary Facilities Enterprise Act”), Sections 23-5-101.7, 23-5-102, 23-5-103, 23-5-104, 23-5-105, Colorado Revised Statutes, as amended (collectively, the “Institutional Enterprise Statute”), Article 5, Title 23, Colorado Revised Statutes, as amended (the “Bond Act”), Article 57, Title 11, Section 201, et seq., Colorado Revised Statutes, as amended (the “Supplemental Act”), Article 54, Title 11, Colorado Revised Statutes, as amended (the “Refunding Act”) and the Colorado Recovery and Reinvestment Finance Act 2009, codified in Article 59.7, Title 11, Colorado Revised Statutes, as amended (the “Colorado Recovery Act”), a Master Bond Resolution, adopted by the Board on January 28, 2009, a First Supplemental Resolution, adopted by the Board on January 28, 2009 and a Second Supplemental Resolution, adopted by the Board on [__________], 2009 (collectively, the “Bond Resolution”). Any capitalized term used herein and not defined herein shall have the same meaning ascribed thereto in the Bond Resolution unless the context shall clearly otherwise require.
We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion. As to questions of fact material to our opinion, we have relied upon representations of the Board contained in the Bond Resolution and in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based on our examination, we are of the opinion, as of the date hereof and under existing laws, regulations, rulings and judicial decisions, as follows:

1. The Board is duly created and validly existing as a body corporate of the State of Colorado (the “State”) with the corporate power to adopt the Bond Resolution, perform the agreements on its part contained therein and issue the Series 2009 Bonds.

2. The Bond Resolution has been duly adopted by the Board and constitutes a valid and binding obligation of the Board enforceable upon the Board.

3. The Bond Resolution creates a valid lien on the Net Revenues for the benefit of the Series 2009 Bonds, as defined in and to the extent provided in the Bond Resolution. All actions have been taken as required by the Act, the Supplemental Act, and the Bond Resolution to insure the validity and enforceability of the lien on the Net Revenues pledged by the Bond Resolution.

4. The Series 2009 Bonds have been duly authorized, executed and delivered by the Board and are valid and binding special limited revenue obligations of the Board, payable solely from the sources provided therefor in the Bond Resolution.

5. Interest on the Series 2009 Bonds is excluded from gross income of the recipients thereof for federal income taxation purposes. In addition, interest on the Series 2009 Bonds is not a specific preference item nor is it included in adjusted current earnings for purposes of the alternative minimum tax provisions imposed on individuals and corporations contained in the Internal Revenue Code of 1986, as amended (the “Code”).

Except as stated above or in Paragraph 7 below, we express no opinion as to any federal, state, or local tax consequences resulting from the ownership of, receipt of interest on, or disposition of the Series 2009 Bonds.

6. Any federal tax advice contained in this opinion and in the Official Statement, dated [___________], 2009, was written to support the marketing of the Series 2009 Bonds and is not intended or written to be used, and cannot be used, by a taxpayer for the purpose of avoiding any penalties that may be imposed under the Code. All taxpayers should seek advice based on such taxpayer’s particular circumstances from an independent tax advisor.

7. Interest on the Series 2009 Bonds is exempt from taxation for any state, county, school district, special district, municipal or other purpose in the State of Colorado.
It is to be understood that the rights of the owners of the Series 2009 Bonds and the enforceability of the Series 2009 Bonds and the Bond Resolution may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

The scope of our engagement has not extended beyond the examinations and the rendering of the opinions expressed herein. The opinions expressed herein are based upon existing law as of the date hereof and we express no opinion herein as of any subsequent date or with respect to any pending legislation.

Very truly yours,
APPENDIX D

FORM OF CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (the “Disclosure Undertaking”) is executed and delivered by the Board of Trustees for Adams State College (the “Board”) in connection with the issuance of the Board of Trustees for Adams State College Auxiliary Facilities Revenue Bonds, Series 2009B (the “Series 2009B Bonds”) and the Board of Trustees for Adams State College Taxable Auxiliary Facilities Revenue Bonds (Build America Bonds – Direct Payment to Board), Series 2009C (the “Series 2009C Bonds,” and together with the Series 2009B Bonds, the “Series 2009 Bonds”). The Series 2009 Bonds are being issued pursuant to a Master Resolution adopted by the Board on January 28, 2009, a First Supplemental Resolution adopted by the Board on January 28, 2009 and a Second Supplemental Resolution adopted by the Board on [__________], 2009 (collectively, the “Resolution”).

The Board covenants and agrees as follows:

Section 1. Purpose of the Disclosure Undertaking. This Disclosure Undertaking is being executed and delivered by the Board for the benefit of the Series 2009 Bond owners and in order to allow the Participating Underwriter to comply with Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended.

Section 2. Definitions. In addition to the definitions set forth in the Bond Resolution, which apply to any capitalized term used in this Disclosure Undertaking 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 Adams State College (the “College”) and the Net Revenues, delivered at least annually pursuant to Section 3 hereof, substantially similar to the type set forth in the Official Statement, including but not limited to, such financial information and operating data set forth in the table entitled “Historical Net Revenues” under the caption “THE NET REVENUES—Historical Net Revenues Available for Debt Service,” all of the tables set forth under the caption “ADAMS STATE COLLEGE” and all of the tables set forth under the caption “CERTAIN FINANCIAL INFORMATION.”

“Audited Financial Statements” means the annual financial statements of the College of the type set forth in Appendix A of the Official Statement, prepared in accordance with generally accepted accounting principles as in effect from time-to-time, audited by a firm of certified public accountants.

“Bond Owner” or “Owner of the Series 2009 Bonds” means the registered owner of the Series 2009 Bonds, and so long as the Series 2009 Bonds are subject to the book-entry system, any Beneficial Owner as such term is defined in the Bond Resolution.


“Events” means any of the events listed in Section 4(a) of this Disclosure Undertaking.

“Fiscal Year” means the 12 months commencing on July 1st of any calendar year and ending on June 30th of the next succeeding year.
“MSRB” means the Municipal Securities Rulemaking Board. The current address of the MSRB is Suite 600, 1900 Duke Street, Alexandria, Virginia 22314; Facsimile (703) 797-6700.

“Official Statement” means the final Official Statement dated [__________], 2009 delivered in connection with the original issue and sale of the Series 2009 Bonds.

“Rule 15c2-12” means 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.

“State Repository” means any public or private repository or entity designated by the State of Colorado as a state repository for the purpose of the Rule. As of the date of this Disclosure Undertaking, there is no State Repository for the State of Colorado.

“Underwriter” means George K. Baum & Company.

Section 3. Provision of Annual Information.

(a) Commencing with the Fiscal Year ended June 30, 2010, and annually while the Series 2009 Bonds remain outstanding, the Board shall provide or cause to be provided to the locations as provided in Exhibit A hereto, with a copy to the Underwriter, Annual Financial Information and Audited Financial Statements, if available, or if and so long as Audited Financial Statements are unavailable, unaudited financial statements, if available.

(b) Such Annual Financial Information shall be provided by the Board not later than 270 days after the end of each Fiscal Year. The Audited Financial Statements, if available, will be provided by the Board, or caused to be provided, not later than 270 days after the end of each Fiscal Year. In the event that Audited Financial Statements are not available within the time specified, unaudited financial statements, if available, shall be provided by the Board, or caused by the Board to be provided.

(c) The Board may provide Annual Financial Information and Audited Financial Statements with respect to the College and the Net Revenues by specific cross-reference to other documents, including information statements and official statements relating to other debt issues of the Board, which have been submitted previously to each repository or repositories as required by Rule 15c2-12, 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 Board shall clearly identify each such 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, if material, with respect to the Series 2009 Bonds:

(i) principal and interest payment delinquencies;

(ii) non-payment related defaults;

(iii) unscheduled draws on debt service reserves reflecting financial difficulties;
(iv) unscheduled draws on any credit enhancement relating to the Series 2009 Bonds reflecting financial difficulties;

(v) substitution of credit or liquidity providers, or their failure to perform;

(vi) adverse tax opinions or other events affecting the tax-exempt status of the Series 2009 Bonds;

(vii) modifications to the rights of the owners of the Series 2009 Bonds;

(viii) bond calls (other than mandatory sinking fund redemption);

(ix) defeasances;

(x) release, substitution or sale of property securing repayment of the Series 2009 Bonds; and

(xi) rating changes.

(b) Whenever the Series 2009 Bonds are outstanding and the Board obtains knowledge of the occurrence of an Event, the Board shall as soon as possible determine if such Event would constitute material information for owners of Series 2009 Bonds; provided that any Event under clause (a)(vii), (viii) or (xi) will always be deemed to be material.

(c) If the Board determines that knowledge of the occurrence of an Event would be material, the Board shall file, in a timely manner, a notice of such occurrence with EMMA, with a copy to the Underwriter. Notwithstanding the foregoing, notice of Events described in clauses (a)(viii) and (ix) need not be given under this paragraph any earlier than the notice, if any, of the underlying event is given to owners of affected Series 2009 Bonds pursuant to the Resolution.

(d) At any time the Series 2009 Bonds are outstanding, the Board shall provide, in a timely manner, to EMMA, with a copy to the Underwriter, notice of any failure of the Board to timely provide the Annual Financial Information and Audited Financial Statements, if available, as specified in Section 3 hereof.

Section 5. Term. This Disclosure Undertaking shall be in effect from and after the issuance and delivery of the Series 2009 Bonds and shall extend to the earlier of (a) the date all principal and interest on the Series 2009 Bonds shall have been deemed paid pursuant to the terms of the Bond Resolution; (b) the date that the Board shall no longer constitute an “obligated person” with respect to the Series 2009 Bonds within the meaning of Rule 15c2-12; and (c) the date on which those portions of Rule 15c2-12 which require this Disclosure Undertaking are determined to be invalid by a court of competent jurisdiction in a non-appealable action, have been repealed retroactively or otherwise do not apply to the Series 2009 Bonds, which determination pursuant to clause (a), (b) or (c) may be made in any manner deemed appropriate by the Board, including by an opinion of counsel selected by the Board. The Board shall file a notice of any such termination with the MSRB and the locations as provided in Exhibit A hereto.

Section 6. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Undertaking, the Board may amend this Disclosure Undertaking, and any provision of this Disclosure Undertaking may be waived, if (a) such amendment or waiver is consented to by the owners of no less
than a majority in aggregate principal amount of the Series 2009 Bonds obtained in the manner prescribed by the Bond Resolution, or (b) if such amendment or waiver is otherwise consistent with Rule 15c2-12. Written notice of any such amendment or waiver shall be provided by the Board to the MSRB and the locations as provided in Exhibit A hereto, and the Annual Financial Information shall explain the reasons for any amendment and the resulting 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 statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 7. Additional Information. Nothing in this Disclosure Undertaking shall be deemed to prevent the Board from disseminating any other information, using the means of dissemination set forth in this Disclosure Undertaking 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 Undertaking; provided that the Board shall not be required to do so. If the Board chooses to include any annual information or notice of occurrence of an event in addition to that which is specifically required by this Disclosure Undertaking, the Board shall have no obligation under this Disclosure Undertaking 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 Board fails to comply with any provision of this Disclosure Undertaking, any Series 2009 Bond owner may take action to seek specific performance by court order to compel the Board to comply with its undertaking in this Disclosure Undertaking; provided that any Series 2009 Bond owner seeking to require the Board to so comply shall first provide at least 30 days’ prior written notice to the Board of the Board’s failure (giving reasonable details of such failure), following which notice the Board 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 Series 2009 Bonds may take action to seek specific performance in connection with a challenge to the adequacy of the information provided by the Board in accordance with this Disclosure Undertaking, after notice and opportunity to comply has been given to the Board, and such action shall be taken only in a court of jurisdiction in the State of Colorado. A DEFAULT UNDER THIS DISCLOSURE UNDERTAKING SHALL NOT BE DEEMED AN EVENT OF DEFAULT UNDER THE BOND RESOLUTION OR THE SERIES 2009 BONDS, AND THE SOLE REMEDY UNDER THIS DISCLOSURE UNDERTAKING IN THE EVENT OF ANY FAILURE OF THE BOARD TO COMPLY WITH THIS DISCLOSURE UNDERTAKING SHALL BE AN ACTION TO COMPEL PERFORMANCE.

Section 9. Beneficiaries. The Disclosure Undertaking shall inure solely to the benefit of the Board, the Underwriter and owners from time-to-time of the Series 2009 Bonds, and shall create no rights in any other person or entity.

Dated: [___________], 2009

BOARD OF TRUSTEES FOR
ADAMS STATE COLLEGE

By ______________________________________
Chair
Exhibit A

Municipal Securities Rulemaking Board (MSRB):  http://emma.msrb.org/
ADAMS STATE COLLEGE
Topic: FY09-10 Capital Construction Cash Spending Authority Request

Prepared by: Bill Mansheim, VP of Finance

Action: ASC Administration seeks Board approval of the attached amended Two-Year Capital Construction Cash Spending Authority Request.

Background: This request is associated with the projects identified Action Item A: ES Building and Music Building. The attached also describes potential cash projects that may come to fruition on the horizon. This request is being brought forth pursuant to SB09-290, which was passed last legislative session.

Recommendation: ASC Administration recommends Board approval of the projected capital construction cash spending request described in Attachment 1 to this action item.

Attachments:
Attachment #1 - State of Colorado Form CC-LCF
### Project Title: New Housing Village

**Funding Source:** Cash Funds  
**Total Project Cost:** $7,500,000  
**Prior Appropriation:** $ -  
**Total Project Request Yr 1:** $7,500,000  
**Year Two Request:** $ -  
**Year Three Request:** $ -  
**Year Four Request:** $ -  
**Year Five Request:** $ -  

**Project Type:** New Construction  
**Category:** Academic  
**Funding Method:** Gifts/Donation  
**Intercept Project:** No  
**Est. Start Date:** May-11  
**Est. Completion:** Dec-12  
**Additional Approvals Required:** None - Non-Intercept project  
**DHE Approved Program Plan:** No

**Explanation of funds:** Gifts and donations

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### Project Title: High Altitude Training Facility

**Funding Source:** Cash Funds  
**Total Project Cost:** $3,500,000  
**Prior Appropriation:** $ -  
**Total Project Request Yr 1:** $3,500,000  
**Year Two Request:** $ -  
**Year Three Request:** $ -  
**Year Four Request:** $ -  
**Year Five Request:** $ -  

**Project Type:** New Construction  
**Category:** Academic  
**Funding Method:** Gifts/Donation  
**Intercept Project:** No  
**Est. Start Date:** May-11  
**Est. Completion:** Dec-12  
**Additional Approvals Required:** None - Non-Intercept project  
**DHE Approved Program Plan:** No

**Explanation of funds:** Gifts and donations

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### Project Title: Education and Social Studies Renovation

**Funding Source:** Cash Funds  
**Total Project Cost:** $12,150,727  
**Prior Appropriation:** $ -  
**Total Project Request Yr 1:** $12,150,727  
**Year Two Request:** $ -  
**Year Three Request:** $ -  
**Year Four Request:** $ -  
**Year Five Request:** $ -  

**Project Type:** Renovation  
**Category:** Academic  
**Funding Method:** Gifts/Donation  
**Intercept Project:** No  
**Est. Start Date:** May-11  
**Est. Completion:** Dec-12  
**Additional Approvals Required:** None - Intercept project with all approvals  
**DHE Approved Program Plan:** Pending

**Explanation of funds:** None

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### Project Title: Music Building Renovation

**Funding Source:** Cash Funds  
**Total Project Cost:** $6,500,000  
**Prior Appropriation:** $ -  
**Total Project Request Yr 1:** $6,500,000  
**Year Two Request:** $ -  
**Year Three Request:** $ -  
**Year Four Request:** $ -  
**Year Five Request:** $ -  

**Project Type:** Renovation  
**Category:** Academic  
**Funding Method:** Gifts/Donation  
**Intercept Project:** No  
**Est. Start Date:** May-11  
**Est. Completion:** Dec-12  
**Additional Approvals Required:** None - Non-Intercept project  
**DHE Approved Program Plan:** No

**Explanation of funds:** Gifts and donations

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### Project Title: Adams State College

**Institution Name:** Adams State College

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**Agency or Institution Name:** Adams State College

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**Prepared By:** Erik van de Boogaard  
**Phone:** 719-587-7951  
**E-Mail:** evdb@adams.edu

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**Form CC-LCF**

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**Two-Year Capital Construction - List of Cash Funded Projects FY 2010-11 to FY 2011-12**

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**Purpose Code:** A1  
**Category:** Federal Funds  
**Total Funds:** $3,500,000  

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**Purpose Code:** A1  
**Category:** Federal Funds  
**Total Funds:** $7,500,000  

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**Purpose Code:** A1  
**Category:** Federal Funds  
**Total Funds:** $12,150,727
Topic: Adams State College Solar Project – Phase I

Prepared by: Bill Mansheim, VP of Finance

Action: ASC Administration seeks Board approval to pursue the necessary agreements and land acquisitions to initiate the PV solar project described below and illustrated in Attachment 1 provided that the College’s electrical commodity costs do not exceed its current rate.

Background: The San Luis Valley’s moderate to cool temperatures, clear skies, and abundant sunshine make the region an exceptional solar resource for PV solar systems. The Adams State College Solar Project is a combined 2.56 MW DC solar PV system to be located on and around the buildings at the College. Utilizing a combination of ground- and rooftop-mounted solar arrays on campus property, mobilization construction crews are anticipated in the spring of 2010. The project will directly support the full-time employment of 45 people in the United States solar industry and will create an estimated 64 local jobs in the San Luis Valley during the project’s installation. The project will also produce an estimated 5.3 MWh of clean energy annually, the equivalent of removing 792 cars from the road. In addition to Qualified Energy Conservation Bonds, other incentives (both tax- and cash-based) to multiply the total system size and clean energy production several times above what would be possible if the expenditure were unlevered.

This project consists of four roof-mounted solar systems on Plachy Hall, Student Union, Nielsen Library, and Education buildings for a total of 351 kW DC. In addition, two large ground mounted solar systems will add an additional 2,215 kW DC. The ground-mounted systems will track the sun as it traverses the sky, which will create generation numbers that rival the best solar production numbers from around the country. PV solar annual production is highly predictable. The solar panels that will be used in the installation have been in commercial production for over 50 years, and carry 25-year production warranties. This school installation, and others like it, will be a key component of Colorado’s clean energy economy.

Recommendation: ASC Administration recommends Board approval of Phase I of the proposed solar project and delegation of authority to ASC Administration to pursue the necessary agreements and land acquisitions to initiate the PV solar project described below and illustrated in Attachment 1, provided that the College’s electrical commodity costs do not exceed its current rate.

Attachments:
Attachment #1 - Solar Array Diagrams