
**SERIES 2010 SUPPLEMENTAL
INDENTURE OF TRUST**

**TREASURER OF THE STATE OF IOWA
AND
IOWA DEPARTMENT OF CORRECTIONS
ACTING FOR AND ON BEHALF OF THE
STATE OF IOWA**

TO

**WELLS FARGO BANK, NATIONAL ASSOCIATION
As Trustee**

Dated as of June 1, 2010

**Supplemental to Master Indenture of Trust
dated as of June 1, 2010**

TABLE OF CONTENTS

	<u>Page</u>
PREAMBLE.....	1
RECITALS	1
ARTICLE I DEFINITION AND RULES OF CONSTRUCTION.....	3
Section 1.01. Definitions	3
Section 1.02. Rules of Interpretation.....	3
ARTICLE II THE SERIES 2010 BONDS.....	4
Section 2.01. Authorization of the Series 2010 Bonds.....	4
Section 2.02. Details of Series 2010 Bonds	4
Section 2.03. Interest Calculations; Payments of Principal and Interest	4
Section 2.04. Optional Redemption.....	5
Section 2.05. Reserved	5
Section 2.06. Securities Depository.....	5
Section 2.07. Form of Series 2010 Bonds	7
Section 2.08. Delivery of Series 2010 Bonds.....	14
Section 2.09. Execution of Series 2010 Bonds.....	14
ARTICLE III PLEDGED FUNDS AND FUNDS.....	15
Section 3.01. Application of Series 2010 Bond Proceeds	15
Section 3.02. Disbursements from the Construction Fund.....	15
Section 3.03. Disbursements from Cost of Issuance Fund.....	15
Section 3.04. Source of Payment of Series 2010 Bonds	16
ARTICLE IV COVENANTS.....	17
Section 4.01. Payment of Principal and Interest.....	17
Section 4.02. Performance of Covenants: the Treasurer	17
Section 4.03. Performance of Covenants: The Department	17
Section 4.04. Treasurer And Department Not To Adversely Affect Exempt Status Of Interest On The Series 2010 Bonds	18
ARTICLE V MISCELLANEOUS	19
Section 5.01. Projected Revenues Certificate.....	19
Section 5.02. Status of Master Indenture.....	19
Section 5.03. Successors and Assigns	19
Section 5.04. Limitation of Rights	19
Section 5.05. Severability.....	19
Section 5.06. State's and Treasurer's Obligations Limited.....	19
Section 5.07. Counterparts	20
Section 5.08. Applicable Provisions of Law	20
TESTIMONIUM	
SIGNATURES	
EXHIBIT A - Form of Projected Revenues Certificate	

**SERIES 2010 SUPPLEMENTAL
INDENTURE OF TRUST**

THIS SERIES 2010 SUPPLEMENTAL INDENTURE OF TRUST, dated as of June 1, 2010 (the "Series 2010 Supplemental Indenture"), between the TREASURER OF THE STATE OF IOWA (the "Treasurer") and the IOWA DEPARTMENT OF CORRECTIONS, a department of the executive branch of the State of Iowa (the "Department"), together acting for and on behalf of the STATE OF IOWA (the "State"), and WELLS FARGO BANK, NATIONAL ASSOCIATION (the "Trustee"), a national banking association having a corporate trust office in Des Moines, Iowa, as trustee, supplementing the Master Indenture of Trust, dated as of June 1, 2010 (as from time to time supplemented and amended, the "Master Indenture"), executed by the Treasurer, the Department and the Trustee.

WITNESSETH:

WHEREAS, pursuant to Section 602.8108A of the Code of Iowa, as amended, there is created and established in the office of the Treasurer of the State of Iowa (the "State") the Iowa prison infrastructure fund (the "Infrastructure Fund") as a separate and distinct fund in the State treasury; and

WHEREAS, the Department is authorized to direct that amounts in the Infrastructure Fund be pledged as security for the payment of the principal of, premium, if any, and interest on Obligations issued by the Treasurer pursuant to the provisions of the Act; and

WHEREAS, the Treasurer is authorized and empowered by the provisions of the Act to issue and sell bonds payable solely out of the amounts deposited in the Infrastructure Fund and the other funds and amounts pledged under the Master Indenture for the purpose of providing prison infrastructure financing; and

WHEREAS, pursuant to the Act, the Treasurer and the Department have previously entered into the Master Indenture with the Trustee in order to provide a framework for the issuance by the Treasurer of Notes and Bonds to provide prison infrastructure financing and in order to provide for the payment and securing of bonds issued under the Master Indenture; and

WHEREAS, the Treasurer issued and there are outstanding \$6,760,000 Iowa Prison Infrastructure Fund Revenue Bond Anticipation Notes, Series 2009 (the "Prior Notes"), issued under a Master Indenture dated as of April 1, 2009 (the "Prior Master Indenture") among the Treasurer, the Department and the Trustee and Series 2009 Supplemental Indenture of Trust dated as of April 1, 2009 (the "Prior Supplemental Indenture"), among the Treasurer, the Department and the Trustee; and

WHEREAS, the Treasurer now intends to proceed with the issuance of State of Iowa Special Obligation Bonds (Prison Infrastructure Fund), Series 2010 (the "Series 2010 Bonds") pursuant to this Series 2010 Supplemental Indenture and secured by the Master Indenture for the purpose of providing funds to redeem the Prior Notes and finance costs associated with the building of a new Iowa State Penitentiary at Fort Madison (the "Project"), as authorized by the Act; and

WHEREAS, it is the intention of the Treasurer and the Department that this Series 2010 Supplemental Indenture shall constitute a supplement to and amendment of the Master Indenture in order to provide for the issuance of and security for the Series 2010 Bonds; and

WHEREAS, all acts and things necessary to make the Series 2010 Bonds created by this Series 2010 Supplemental Indenture, when executed by the Treasurer and authenticated and delivered by the Trustee as provided in the Master Indenture and this Series 2010 Supplemental Indenture, the valid, binding and legal limited special obligations of the State and to constitute these presents, together with the Master Indenture, a valid indenture and agreement according to its terms and the terms of the Master Indenture, have been done and performed and the execution of this Series 2010 Supplemental Indenture and the issuance hereunder and under the Master Indenture of the Series 2010 Bonds have in all respects been duly authorized;

NOW, THEREFORE, THIS SERIES 2010 SUPPLEMENTAL INDENTURE WITNESSETH, that in order to amend the Master Indenture as herein provided and to declare the terms and conditions upon which the Series 2010 Bonds are executed, authenticated, issued and delivered, and in consideration of the premises and the acquisition and acceptance of the Series 2010 Bonds by the holders thereof, the Treasurer and the Department covenant and agree with the Trustee, on behalf of the State and for the benefit of the holders from time to time of the Series 2010 Bonds as follows:

ARTICLE I

DEFINITION AND RULES OF CONSTRUCTION

Section 1.01. Definitions. The terms used in this Series 2010 Supplemental Indenture and not otherwise defined herein shall, except as otherwise stated, have the meanings assigned to them in the Master Indenture.

Section 1.02. Rules of Interpretation. For all purposes of this Series 2010 Supplemental Indenture, except as otherwise expressly provided or unless the context otherwise requires:

(a) “This Series 2010 Supplemental Indenture” means this instrument as originally executed and as it may from time to time be supplemented or amended pursuant to the applicable provisions hereof.

(b) All references in this instrument to designated “Articles,” “Sections” and other subdivisions are to the designated Articles, Sections and other subdivisions of this instrument as originally executed. The words “herein,” “hereof,” “hereunder” and “herewith” and other words of similar import refer to this Series 2010 Supplemental Indenture as a whole and not to any particular Article, Section or other subdivision.

(c) The terms defined in this Article have the meanings assigned to them in this Article and include the plural as well as the singular.

(d) All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles.

(e) The terms defined elsewhere in this Series 2010 Supplemental Indenture shall have the meanings therein prescribed for them.

(f) Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders.

(g) The headings used in this Series 2010 Supplemental Indenture are for convenience of reference only and shall not define or limit the provisions hereof.

(h) Whenever the term “principal office” is used herein, it shall mean the office designated as such by the applicable entity via a writing to the Trustee.

ARTICLE II

THE SERIES 2010 BONDS

Section 2.01. Authorization of the Series 2010 Bonds. There are hereby authorized pursuant to this Series 2010 Supplemental Indenture and the Master Indenture a series of Bonds to be known and designated as "State of Iowa Special Obligation Bonds (Prison Infrastructure Fund), Series 2010" (the "Series 2010 Bonds"). The Series 2010 Bonds shall be issued in the aggregate principal amount of \$135,050,000 and shall be executed, endorsed, authenticated and delivered in accordance with the Master Indenture.

Section 2.02. Details of Series 2010 Bonds. The Series 2010 Bonds shall be dated as of the date of their original issuance. The Series 2010 Bonds shall bear interest from the date of their original issuance payable semiannually on June 15 and December 15 of each year, beginning on December 15, 2010.

The Series 2011 Bonds shall be issued in fully registered form in denominations of \$5,000 or any integral multiple thereof.

The Series 2010 Bonds shall mature in the principal amounts and shall bear interest according to year of stated maturity at the respective rates per annum set forth below, and at the same rates (to the extent that the payment of such interest shall be legally enforceable) on overdue installments of interest:

Series 2010 Bonds

<u>Stated Maturity (June 15)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Stated Maturity (June 15)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2012	\$ 435,000	2.000%	2020	\$ 5,120,000	4.000%
2013	440,000	2.000	2020	5,115,000	5.000
2014	445,000	2.000	2021	6,000,000	4.500
2015	2,660,000	2.500	2021	4,695,000	5.000
2016	2,935,000	2.750	2022	5,000,000	4.500
2016	2,920,000	4.000	2022	6,200,000	5.000
2017	3,905,000	3.000	2023	2,000,000	3.600
2017	5,215,000	4.000	2023	9,735,000	5.000
2018	4,230,000	3.250	2024	12,295,000	5.000
2018	5,215,000	4.000	2025	12,910,000	5.000
2019	4,900,000	4.000	2026	13,555,000	5.000
2019	4,895,000	5.000	2027	2,370,000	3.950
			2027	11,860,000	5.000

Section 2.03. Interest Calculations; Payments of Principal and Interest. Interest on the Series 2010 Bonds shall be calculated on the basis of a 360-day year of twelve 30-day months. The principal of and premium, if any, on the Series 2010 Bonds shall be payable at

the principal corporate trust office of the Trustee. Interest on the Series 2010 Bonds which is payable, and is punctually paid or provided for, on any Interest Payment Date shall be paid by check or draft drawn upon the Trustee payable to and mailed to the Persons in whose name the Series 2010 Bonds are registered as of the Trustee's close of business on the regular Record Date for such Interest Payment Date at the address of such Holders as they appear on the Bond Register. Upon notice to the Trustee delivered and received by the Trustee not less than fifteen (15) days before an Interest Payment Date accompanied by proper wire transfer instructions, any Holder of \$1,000,000 in aggregate principal amount of Series 2010 Bonds as of the relevant Record Date may elect to be paid the interest on such Series 2010 Bonds payable on the Interest Payment Date by wire transfer in immediately available funds to any bank in the United States specified by such Holder which is a member of the Federal Reserve.

Section 2.04. Optional Redemption. The Series 2010 Bonds maturing on or after June 15, 2021, shall be subject to redemption at the option of the State, on June 15, 2020, and on any date thereafter, in whole or in part, and if in part, the Treasurer shall specify the maturities and amounts of the Bonds to be redeemed (and, if the Treasurer fails to so specify, Series 2010 Bonds shall be redeemed in inverse order of stated maturities). The redemption price shall be equal to the principal amount of Series 2010 Bonds to be redeemed, together with interest accrued on the principal amount to be redeemed to the Redemption Date, without premium.

Section 2.05. Reserved.

Section 2.06. Securities Depository.

(a) The Series 2010 Bonds shall be initially issued as authenticated fully registered Bonds, and one Series 2010 Bond shall be issued in the principal amount of each stated maturity of the Series 2010 Bonds. Upon initial issuance, the ownership of such Series 2010 Bonds shall be registered in the Series 2010 Bond Register in the name of Cede & Co., as nominee of DTC. The Trustee and the State may treat DTC (or its nominee) as the sole and exclusive owner of the Series 2010 Bonds registered in its name for the purposes of payment of the principal of or interest on the Series 2010 Bonds, selecting the Series 2010 Bonds or portions thereof to be redeemed, if any, giving any notice permitted or required to be given to registered owners of Series 2010 Bonds under this Indenture, registering the transfer of Series 2010 Bonds, and for all other purposes whatsoever; and neither the Trustee nor the State shall be affected by any notice to the contrary. Neither the Trustee nor the State shall have any responsibility or obligation to any Participant, any Person claiming a beneficial ownership interest in the Series 2010 Bonds under or through DTC or any Participant, or any other Person which is not shown on the Series 2010 Bond Register as being a registered owner of any Series 2010 Bonds, with respect to the accuracy of any records maintained by DTC or any Participant, with respect to the payment by DTC or any Participant of any amount with respect to the principal of or interest on the Series 2010 Bonds, with respect to any notice which is permitted or required to be given to owners of

Series 2010 Bonds under this Indenture, with respect to the selection by DTC or any Participant of any Person to receive payment in the event of a partial redemption of the Series 2010 Bonds, or with respect to any consent given or other action taken by DTC as registered owner of the Series 2010 Bonds. So long as any Series 2010 Bond is registered in the name of Cede & Co., as nominee of DTC, the Trustee shall pay all principal of and interest on such Series 2010 Bond, and shall give all notices with respect to such Series 2010 Bond, only to Cede & Co. in accordance with the Representation Letter heretofore executed on behalf of the State to DTC, and all such payments shall be valid and effective to fully satisfy and discharge the State's obligations with respect to the principal of and interest on the Series 2010 Bonds to the extent of the sum or sums so paid. No Person other than DTC shall receive an authenticated Series 2010 Bond for each separate stated maturity evidencing the obligation of the State to make payments of principal and interest. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., the Series 2010 Bonds will be transferable to such new nominee in accordance with paragraph (d) hereof.

(b) In the event the State determines to discontinue the book-entry-only system for the Series 2010 Bonds, the State may notify DTC and the Trustee. DTC may determine to discontinue providing its services with respect to the Series 2010 Bonds at any time by giving notice to the State and the Trustee and discharging its responsibilities with respect thereto under applicable law. Under either of such circumstances, the State may appoint a successor securities depository, and DTC, the Trustee and the State will cooperate to arrange for such other securities depository to maintain custody of certificates evidencing the Series 2010 Bonds. If a successor securities depository is appointed, that successor or its nominee will be treated by the Trustee and the State as the sole and exclusive owner of the Series 2010 Bonds and, as in the case of DTC, the responsibilities and obligations of the Trustee and the State will be solely to that successor securities depository or its nominee and not to any participant in the successor or any Person claiming beneficial ownership interest in any Series 2010 Bonds. If a successor securities depository is not appointed, the Series 2010 Bonds will be transferable in accordance with paragraph (d) hereof.

(c) The Representation Letter, executed by the Treasurer on behalf of the State, is on file with DTC and its application to the Series 2010 Bonds is hereby confirmed. The Representation Letter sets forth certain matters with respect to, among other things, notices, consents and approvals by registered owners of the Series 2010 Bonds and Beneficial Owners and payments on the Series 2010 Bonds. The Trustee shall have the same rights with respect to its actions thereunder as it has with respect to its actions under this Indenture.

(d) In the event that any transfer or exchange of Series 2010 Bonds is permitted under paragraph (a) or (b) hereof, such transfer or exchange shall be accomplished upon receipt by the Trustee of the Series 2010 Bonds to be transferred or exchanged and appropriate instruments of transfer to the permitted transferee in accordance with the provisions of this Indenture. In the event Series 2010 Bonds in the form of certificates are issued to owners other than Cede & Co., its successor as nominee for DTC as owner of all

the Series 2010 Bonds, or another securities depository as owner of all the Series 2010 Bonds, the provisions of this Indenture shall also apply to all matters relating thereto, including, without limitation, the printing of such Series 2010 Bonds in the form of Series 2010 Bond certificates and the method of payment of principal of and interest on such Series 2010 Bonds in the form of Series 2010 Bond certificates.

Section 2.07. Form of Series 2010 Bonds. The Series 2010 Bonds to be issued hereunder, and the certificate of authentication by the Trustee to be endorsed on all such Series 2010 Bonds, shall be substantially in the following form, with such variations, omissions and insertions as are permitted by this Series 2010 Supplemental Indenture or are required to conform the form of Series 2010 Bond to the other provisions of this Series 2010 Supplemental Indenture and the Master Indenture:

(FORM OF SERIES 2010 BOND)

No. R-1

\$ _____

UNITED STATES OF AMERICA
STATE OF IOWA

SPECIAL OBLIGATION BOND (PRISON INFRASTRUCTURE FUND)
SERIES 2010

<u>RATE</u>	<u>MATURITY</u>	<u>BOND DATE</u>	<u>CUSIP</u>
%		_____, 2010	

REGISTERED HOLDER:

PRINCIPAL AMOUNT:

The State of Iowa (the "State") acting by and through the Treasurer of the State (the "Treasurer") for value received, promises to pay, but only from the sources referred to herein, to the registered holder set forth above, or registered assigns, on the maturity date set forth above, the principal amount set forth above and to pay interest on said sum, but only from the sources referred to herein, from the date hereof at the rate set forth above payable on June 15 and December 15 of each year commencing December 15, 2010, subject to the provisions hereof respecting redemption before maturity. Principal of this Bond is payable at the principal office of Wells Fargo Bank, National Association, as Trustee, or its successor in trust (the "Trustee") under the Indenture referred to below, and the interest hereon shall be paid by check mailed to the person in whose name this Bond is registered at the close of business on the day which is the first day of the month in which the interest payment date occurs (the "Record Date") on the registration books of the State to be kept by the Trustee, as Registrar, or its successor as registrar, at the address shown on the registration books or at such other address as is furnished in writing by such registered owner to the Trustee. The registered owner of any Bond in the denomination of \$1,000,000 or more may receive interest payments by wire transfer upon the written request of the registered owner delivered to the Trustee. Each payment will be made in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts.

Interest on this Bond shall be computed on the basis of a 360-day year of twelve 30-day months.

This Bond is one of an authorized issue of State of Iowa Special Obligation Bonds (Prison Infrastructure Fund), Series 2010, in the aggregate principal amount of \$135,050,000 (the "Series 2010 Bonds"), issued for the purpose of financing prison infrastructure in the State and operated by the Iowa Department of Corrections (the "Department") and paying necessary expenses incidental to issuance of the Series 2010 Bonds. The Series 2010 Bonds

SERIES 2010 SUPPLEMENTAL
INDENTURE OF TRUST

are all issued under and are equally and ratably secured by and entitled to the protection of a Master Indenture of Trust dated as of June 1, 2010, as supplemented by a Series 2010 Supplemental Indenture of Trust dated as of June 1, 2010 (as supplemented, the "Indenture"), duly executed and delivered by the Treasurer and the Department, together acting on behalf of the State, to the Trustee. As provided by the Indenture, to secure performance of all covenants of the State, the Treasurer and the Department under the Indenture, the Treasurer and the Department sell, assign, pledge and grant a security interest to the Trustee in, the trust estate, including all rights, title and interest of the State, the Treasurer and the Department in and to the Iowa prison infrastructure fund established in the State treasury under Section 602.8108A of the Code of Iowa, as amended, and all funds deposited therein and any other sums of money and funds pledged in the Granting Clauses of the Indenture, including the Funds created by the Indenture, and all moneys and securities and all other property of every kind and of every name and nature from time to time received and held by the Trustee under the Indenture.

The Iowa Finance Authority has previously issued, and has currently outstanding, an aggregate principal amount of \$36,540,000 of its Revenue Refunding Bonds (Correctional Facility Program) (the "IFA Bonds") which are payable from the Infrastructure Fund, and are required to be paid from amounts in the Infrastructure Fund prior to this issue of Bonds and any Bonds issued pursuant to the Indenture.

The Indenture provides that the Treasurer may hereafter issue additional series of Bonds from time to time under certain terms and conditions contained in the Indenture and, if issued, such Bonds and additional series of Bonds will, as to the payment of principal and interest on any Bonds and as to the payment of interest on any Notes, rank pari passu with the obligation to pay principal and interest on this issue of Series 2010 Bonds and be equally and ratably secured by and entitled to the protection of the Indenture. The Indenture is on file in the offices of the Treasurer and Trustee and reference is hereby made to the Indenture for a more complete description of the Pledged Funds pledged and assigned, the provisions with respect to the nature and extent of the security, the rights, duties and obligations of the Treasurer, the Department, the Trustee and the holders of the Series 2010 Bonds and the issuance of additional series of Bonds and Notes, and the terms upon which the Bonds and Notes are issued and secured.

The Series 2010 Bonds are issued under the provisions of, and in full compliance with, the Constitution and the laws of the State, particularly Section 12.80 and Chapter 12A of the Code of Iowa, as amended.

THE SERIES 2010 BONDS ARE LIMITED SPECIAL OBLIGATIONS OF THE STATE. THE PRINCIPAL OF AND INTEREST ON THE SERIES 2010 BONDS IS PAYABLE SOLELY FROM, AND SECURED BY A PLEDGE OF, THE PLEDGED FUNDS (AS DEFINED IN THE INDENTURE). THE SERIES 2010 BONDS AND THE INTEREST THEREON DO NOT CONSTITUTE NOR GIVE RISE TO A PECUNIARY LIABILITY, GENERAL OBLIGATION OR A PLEDGE OF THE FULL FAITH AND

CREDIT OF THE TREASURER, THE STATE OR ANY POLITICAL SUBDIVISION OF THE STATE WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY LIMITATION. NEITHER THE TREASURER, THE STATE, NOR ANY POLITICAL SUBDIVISION OF THE STATE SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF THE SERIES 2010 BONDS, THE INTEREST THEREON OR OTHER COSTS INCIDENT THERETO EXCEPT FROM SUCH SOURCES. NEITHER THE FULL FAITH AND CREDIT NOR THE GENERAL FUNDS OF THE TREASURER OR THE STATE, OR THE TAXING POWER OF THE STATE, IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF THE SERIES 2010 BONDS OR THE INTEREST THEREON OR OTHER COSTS INCIDENT THERETO.

The term "Business Day" shall mean a day of the year on which banks located in the city in which the principal corporate trust office of the Trustee is located are not required or authorized to remain closed and on which The New York Stock Exchange is not closed.

The Series 2010 Bonds are issuable as fully registered bonds without coupons in the denomination of \$5,000 or any integral multiple thereof. At the principal corporate trust office of the Trustee, in the manner and subject to the limitations, conditions and charges provided in the Indenture, Bonds may be exchanged for an equal aggregate principal amount of Bonds of other authorized denominations.

The Series 2010 Bonds are subject to redemption prior to maturity in whole or in part at the option of the State on June 15, 2020, and any date thereafter at a redemption price of par plus accrued interest. Thirty days mailed notice of any such redemption will be given as provided in the Indenture.

This Series 2010 Bond is transferable by the registered owner hereof on the books of the State to be kept by the Trustee, in person or by his attorney duly authorized in writing upon surrender of this Series 2010 Bond for transfer at the principal corporate trust office of the Trustee, and upon payment of the charges and subject to the conditions provided in the Indenture. Upon such transfer, a new Series 2010 Bond or Bonds of authorized denomination or denominations, for the same aggregate principal amount, will be issued to the designated transferee or transferees.

The Treasurer, the State, the Trustee, and any transfer agent or co-registrar, may deem and treat the registered owner hereof as the absolute owner hereof (whether or not this Series 2010 Bond shall be overdue) for the purpose of receiving payment of, or on account of, principal hereof and premium, if any, and interest due hereon (subject to the provisions of the Indenture and this Series 2010 Bond regarding Record Dates) and for all other purposes, and neither the Treasurer, the State, the Trustee, or any transfer agent or co-registrar shall be affected by any notice to the contrary.

The owner of this Series 2010 Bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the pledge, assignment or covenants made

therein or to take any action with respect to an event of default under the Indenture or to institute, appear in or defend any suit, action or other proceeding at law or in equity with respect thereto, except as provided in the Indenture.

To the extent permitted by, and as provided in, the Indenture, modifications or amendments of the Indenture may be made with the consent of the owners of not less than two-thirds in aggregate principal amount of the Notes and Bonds then outstanding. The Indenture also contains provisions permitting the owners of certain percentages in aggregate principal amount of the Notes and Bonds at the time outstanding, as defined in the Indenture, on behalf of the owners of all Notes and Bonds, by written waiver, to waive certain past defaults under the Indenture and their consequences. The Indenture also contains provisions permitting the amendment thereof without the consent of the Bondholders in limited circumstances involving changes to cure defects and ambiguities, to confer additional benefits and pledge additional property and other instances set forth in the Indenture.

Any term used in this Series 2010 Bond as a defined term but not defined in this Series 2010 Bond shall be as defined in the Indenture.

Neither the Treasurer or the staff of the Treasurer or the Department nor any person executing the Series 2010 Bonds shall be liable personally on the Series 2010 Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Indenture and issuance of this Series 2010 Bond do exist, have happened and have been performed in due time, form and manner as required by law, and that the issuance of this Series 2010 Bond and the issue of which it forms a part, together with all other obligations of the Treasurer, does not exceed or violate any constitutional or statutory limitation.

This Series 2010 Bond is issued with the intent that the laws of the State will govern its construction.

This Series 2010 Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Indenture until the certificate of authentication hereon shall have been signed by the Trustee.

IN WITNESS WHEREOF, the State, acting by and through the Treasurer, has caused this Series 2010 Bond to be executed by the Treasurer's manual or facsimile signature.

STATE OF IOWA

By _____ (facsimile)
Michael L. Fitzgerald
Treasurer

SERIES 2010 SUPPLEMENTAL
INDENTURE OF TRUST

(Form of the Certificate of Authentication)

This Series 2010 Bond is one of the Series 2010 Bonds of the issue described in the within-mentioned Series 2010 Supplemental Indenture of Trust and is one of the Special Obligation Bonds (Prison Infrastructure Fund), Series 2010 of the State of Iowa.

Date of Authentication: _____, 2010

WELLS FARGO BANK, NATIONAL
ASSOCIATION, as Trustee

By _____
Authorized Officer

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto _____ the within Bond and does hereby irrevocably constitute and appoint _____, attorney in fact to transfer the said Bond on the books kept for registration of the within Bond, with full power of substitution in the premises.

Dated: _____.

(Signature of registered owner(s))

(Person(s) executing this Assignment sign(s) here)

SIGNATURE
GUARANTEED) _____

IMPORTANT - READ CAREFULLY

The signature(s) to this Power must correspond with the name(s) as written upon the face of the certificate(s) or bond(s) in every particular without alteration or enlargement or any change whatever. Signature guarantee should be made by a member or member organization of the New York Stock Exchange, members of other Exchanges having signatures on file with transfer agents or by a commercial bank or trust company.

INFORMATION REQUIRED FOR REGISTRATION OF TRANSFER

Name of Transferee(s) _____

Address of Transferee(s) _____

Social Security or Tax

Identification Number of

Transferee(s) _____

Transferee is a(n):

Individual* _____

Corporation _____

Partnership _____

Trust _____

*If the certificate is to be registered in the names of multiple individual owners, the names of all such owners and one address and social security number must be provided.

The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though written out in full according to applicable laws or regulations:

TEN COM - as tenants in common

TEN ENT - as tenants by the entireties

JT TEN - as joint tenants with right of survivorship and not as tenants in common

UNIF GIFT MIN ACT - Custodian

(Cust)

(Minors)

under Uniform Gifts to Minors Act

(State)

Section 2.08. Delivery of Series 2010 Bonds. Upon the execution and delivery of this Series 2010 Supplemental Indenture, the Treasurer shall execute and deliver to the Trustee, and the Trustee shall authenticate, the Series 2010 Bonds and deliver them to the purchasers thereof as directed by the Treasurer as hereinafter in this Section provided.

Prior to the delivery by the Trustee of any of the Series 2010 Bonds, there shall be filed with the Trustee:

1. A request and authorization to the Trustee by the Treasurer to authenticate and deliver the Series 2010 Bonds to the purchaser therein identified upon payment to the Treasurer, of a sum specified in such request and authorization. The proceeds of such payment shall be held by the Treasurer and allocated among various funds specified in, and pursuant to, Article IV hereof
2. A duly executed Projected Revenues Certificate.
3. The unqualified approving opinion of Faegre & Benson, LLP, Bond Counsel, that the Series 2010 Bonds are legally issued and that interest on the Series 2010 Bonds is excluded from gross income for federal income tax purposes under existing statutes, regulations, rulings and court decisions.
4. An executed copy of this Series 2010 Supplemental Indenture.

Section 2.09. Execution of Series 2010 Bonds. The Series 2010 Bonds shall be executed by the Treasurer with his manual or facsimile signature. In case the Treasurer whose signature or whose facsimile signature shall appear on the Series 2010 Bonds shall cease to be such officer before the delivery of the Series 2010 Bonds, such signature or facsimile signature shall nevertheless be valid and sufficient for all purposes, the same as if he had remained in office until delivery.

ARTICLE III

PLEGDED FUNDS AND FUNDS

Section 3.01. Application of Series 2010 Bond Proceeds. The net proceeds of the Series 2010 Bonds shall be deposited as follows:

- (a) For deposit in the Bond Fund held by the Trustee, the accrued interest, if any, received at the time of issuance and delivery of the Series 2010 Bonds;
- (b) For deposit with the Trustee under the Prior Master Indenture and Prior Supplemental Indenture, the sum of \$6,771,876.95 with instructions to redeem the Prior Notes on July 8, 2010;
- (c) For deposit in the Cost of Issuance Fund held by the Trustee, the sum of \$206,068.90;
- (d) For deposit in the Debt Service Reserve Fund held by the Trustee, the sum of \$13,505,000.00; and
- (e) For deposit in the Capitalized Interest Account of the Bond Fund held by the Trustee, the sum of \$1,414,865.00 with instructions to apply the same to interest due on the Series 2010 Bonds on December 15, 2010; and
- (f) For deposit in the Construction Fund held by the Treasurer, the balance of the proceeds received from the sale of the Series 2010 Bonds.

Section 3.02. Disbursements from the Construction Fund. Any amounts deposited in the Construction Fund from the proceeds of the Series 2010 Bonds shall be held by the Treasurer and kept separate and distinct from all other funds. The total disbursements from the Construction Fund from the proceeds of the Series 2010 Bonds from time to time and from the net proceeds of the Prior Notes shall not exceed the amount appropriated for the Project, which, as of the date of issuance of the Series 2010 Bonds, is \$130,677,500. The Treasurer shall maintain a record of all disbursements from the Construction Fund from the proceeds of the Series 2010 Bonds and when all amounts in the Construction Fund from the proceeds of the Series 2010 Bonds have been disbursed shall file an account thereof with the Department and the Trustee. Upon completion of the Project, the Department shall provide the Trustee with a notice that the Project has been completed and any amounts remaining in the Construction Fund from the proceeds of the Series 2010 Bonds shall thereupon be transferred to the General Fund of the State of Iowa.

Section 3.03. Disbursements from Cost of Issuance Fund. Any amounts deposited in the Cost of Issuance Fund from the proceeds of the Series 2010 Bonds shall be kept separate and distinct from all other amounts on deposit in the Cost of Issuance Fund. The Treasurer

shall direct the Trustee to make disbursements from the Cost of Issuance Fund from the proceeds of the Series 2010 Bonds in accordance with the Master Indenture. The Treasurer may direct the Trustee transfer any amounts remaining in the Cost of Issuance Fund to the Bond Fund following payment of the issuance costs or such other purpose as the Treasurer may direct.

Section 3.04. Source of Payment of Series 2010 Bonds. The Series 2010 Bonds and all payments by the Treasurer on behalf of the State hereunder are limited and special obligations of the State and are payable solely out of sources as authorized by the Constitution and laws of the State, including particularly the Act, as provided herein and in the Master Indenture. The Series 2010 Bonds and the other obligations hereunder are solely and exclusively limited special obligations of the State and do not constitute or create an obligation, general or special, or debt or liability of the Treasurer, the State or any political subdivision of the State.

ARTICLE IV
COVENANTS

Section 4.01. Payment of Principal and Interest. The Treasurer, on behalf of the State, covenants that he will promptly pay the principal of and interest on every Series 2010 Bond issued under this Series 2010 Supplemental Indenture at the place, on the dates and in the manner provided herein and in the Series 2010 Bonds according to the true intent and meaning thereof, provided that such principal and interest is payable solely from Pledged Funds, and nothing in the Series 2010 Bonds or this Series 2010 Supplemental Indenture shall be considered as assigning or pledging any other funds or assets of the State other than the Pledged Funds and the proceeds of such Bonds. The Department hereby directs the Treasurer, and the Treasurer hereby covenants, to pay from the Infrastructure Fund to the Trustee for deposit in the Bond Fund on or before each Interest Payment Date an amount equal to the principal of and interest on the Series 2010 Bonds to become due on such Interest Payment Date; provided that, except as provided in the following sentence, such payment may be reduced by the amount, if any, already on deposit in the Bond Fund and available for the payment of principal, premium, if any, and interest on the Series 2010 Bonds. With respect to the December 15, 2010, Interest Payment Date there shall be no reduction in the amount paid to the Trustee on account of funds on deposit in the Capitalized Interest Account of the Bond Fund and, prior to December 1, 2010, the Treasurer shall pay to the Trustee for deposit in the Supplemental Reserve Fund an amount equal to the amount deposited in the Capitalized Interest Account.

Section 4.02. Performance of Covenants: the Treasurer. The Treasurer covenants that he will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Series 2010 Supplemental Indenture, in any and every Series 2010 Bond executed, authenticated and delivered hereunder and in all of its proceedings pertaining hereto. The Treasurer represents that he has been duly authorized by law to execute and deliver this Series 2010 Supplemental Indenture, to issue and deliver the Series 2010 Bonds, and to take any and all action to consummate the transactions contemplated in this Series 2010 Supplemental Indenture. The Treasurer represents that all actions for the issuance of the Series 2010 Bonds and the execution and delivery of this Series 2010 Supplemental Indenture have been duly and effectively taken, and that the Series 2010 Bonds in the hands of the owners thereof are and will be valid and enforceable obligations of the State according to the terms thereof and hereof.

Section 4.03. Performance of Covenants: The Department. The Department covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions applicable to it which are contained in this Series 2010 Supplemental Indenture and in all of its proceedings pertaining hereto. The Department represents that it is duly authorized by the Act to execute and deliver this Series 2010 Supplemental Indenture and to take any and all action on the part of the Department to

consummate the transactions contemplated in this Series 2010 Supplemental Indenture. The Department represents that it is duly authorized under the Constitution and laws of the State, including particularly the Act, to execute this Series 2010 Supplemental Indenture; and that all action on its part for the execution and delivery of this Series 2010 Supplemental Indenture has been duly and effectively taken.

Section 4.04. Treasurer And Department Not To Adversely Affect Exempt Status Of Interest On The Series 2010 Bonds. The Treasurer and the Department each agree that they will not knowingly take any affirmative action or omit to take any action, which action or omission will cause the Series 2010 Bonds to be considered private activity bonds or otherwise adversely affect the exemption from federal income taxation of interest paid on the Series 2010 Bonds, and, in the event any such action or omission shall be brought to the attention of the Treasurer or the Department, each will, promptly upon having any such action or omission brought to their attention, take such reasonable actions based upon advice of counsel as may rescind or otherwise negate or cure such action or omission.

ARTICLE V

MISCELLANEOUS

Section 5.01. Projected Revenues Certificate. The Treasurer, the Department and the Trustee agree that the Projected Revenues Certificate to be delivered in connection with the issuance of the Series 2010 Bonds shall be in the form attached hereto as Exhibit A.

Section 5.02. Status of Master Indenture. Except insofar as herein otherwise expressly provided, all the provisions, definitions, terms and conditions of the Master Indenture, as heretofore supplemented and as supplemented by this Series 2010 Supplemental Indenture, shall be deemed to be incorporated in, and made a part of, this Series 2010 Supplemental Indenture; and the Master Indenture as heretofore supplemented and as supplemented by this Series 2010 Supplemental Indenture is in all respects ratified and confirmed; and the Master Indenture, as heretofore supplemented, and this Series 2010 Supplemental Indenture shall be read, taken and construed as one and the same instrument. All references to "this Indenture" in the Master Indenture shall be to the Master Indenture as heretofore supplemented and as supplemented by this Series 2010 Supplemental Indenture.

Section 5.03. Successors and Assigns. All the covenants, stipulations, promises and agreements in this Series 2010 Supplemental Indenture contained by or on behalf of the State, the Treasurer, the Department or the Trustee shall inure to the benefit of and shall bind their respective successors and assigns, whether so expressed or not.

Section 5.04. Limitation of Rights. With the exception of rights herein expressly conferred or as otherwise provided herein, nothing expressed or mentioned in or to be implied from this Series 2010 Supplemental Indenture or the Series 2010 Bonds is intended or shall be construed to give to any person or company other than the parties hereto, and the owners of the Series 2010 Bonds, any legal or equitable right, remedy or claim under or in respect to this Series 2010 Supplemental Indenture or any covenants, conditions and provisions herein contained; this Series 2010 Supplemental Indenture and all of the covenants, conditions and provisions hereof being intended to be and being for the sole and exclusive benefit of the parties hereto and the owners of the Series 2010 Bonds as herein provided.

Section 5.05. Severability. If any provision of this Series 2010 Supplemental Indenture shall be held or deemed to be or shall, in fact, be illegal, inoperative or unenforceable, the same shall not affect any other provision or provisions herein contained or render the same invalid, inoperative or unenforceable to any extent whatever.

Section 5.06. State's and Treasurer's Obligations Limited. No recourse under or upon any obligation, covenant or agreement contained in this Series 2010 Supplemental Indenture or in any Series 2010 Bond, or under any judgment obtained against the State or the Treasurer, or by the enforcement of any assessment or by any legal or equitable

proceeding by virtue of any constitution or statute or otherwise or under any circumstances, under or independent of this Series 2010 Supplemental Indenture, shall be had against the State or the Treasurer except as described in the Master Indenture.

Section 5.07. Counterparts. This Series 2010 Supplemental Indenture may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 5.08. Applicable Provisions of Law. This Series 2010 Supplemental Indenture shall be governed by and construed in accordance with the laws of the State.

EXHIBIT A

FORM OF PROJECTED REVENUES CERTIFICATE

\$135,050,000
SPECIAL OBLIGATION BONDS (PRISON INFRASTRUCTURE FUND)
SERIES 2010

PRO FORMA PROJECTED REVENUES CERTIFICATE

I, John Baldwin, do hereby certify that I am the Director of the Iowa Department of Corrections (the "Department") and that this Certificate is being provided in connection with the issuance by the State of Iowa, acting by and through the Treasurer of the State (the "Treasurer") of its Special Obligation Bonds (Prison Infrastructure Fund), Series 2010 (the "Series 2010 Bonds") in the aggregate principal amount of \$135,050,000. I hereby further certify as follows:

(i) all capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Master Indenture of Trust dated as of June 1, 2010, between the Treasurer and the Department, on behalf of the State, and Wells Fargo Bank, National Association, as Trustee;

(ii) the Annual Debt Service on all Bonds, Notes, Anticipated Bonds and IFA Bonds which will be Outstanding after the issuance of the Series 2010 Bonds is as set forth on Exhibit A attached hereto;

(iii) the total of the Collections during the last Fiscal Year ending June 30, 2009, was \$83,010,000, which is not less than 2.0 times the Maximum Annual Debt Service on all Notes, Bonds, Anticipated Bonds and IFA Bonds which will be Outstanding after the issuance of the Series 2010 Bonds.

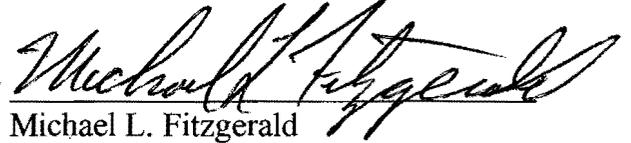
IN WITNESS WHEREOF, I have hereunto affixed my signature as of the 8th day of July 2010.

John Baldwin, Director of the Iowa
Department of Corrections

IN WITNESS WHEREOF, the Treasurer and the Department by its Director, together acting on behalf of the State, have caused this Series 2010 Supplemental Indenture to be executed; and the Trustee, to evidence its acceptance of the trusts created hereunder, has caused this Series 2010 Supplemental Indenture to be executed in its name by its duly authorized officer, all as of the day and year first above written.

TREASURER OF THE STATE OF IOWA

By



Michael L. Fitzgerald
Treasurer

IOWA DEPARTMENT OF CORRECTIONS

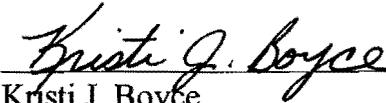
By



John Baldwin
Director

WELLS FARGO BANK, NATIONAL
ASSOCIATION, as Trustee

By



Kristi J. Boyce
Vice President

SERIES 2010 SUPPLEMENTAL
INDENTURE OF TRUST