
MASTER 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

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TESTIMONIUM
SIGNATURES

MASTER INDENTURE OF TRUST

THIS MASTER INDENTURE OF TRUST (the "Indenture"), dated as of June 1, 2010, 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 bank with trust powers having a corporate trust office in Des Moines, Iowa, as trustee.

WITNESSETH:

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

WHEREAS, the Iowa Finance Authority (the "Authority") has issued its \$54,240,000 Refunding Revenue Bonds (Correctional Facility Program) Series 2002 (the "Series 2002 Bonds") pursuant to Iowa Code, Section 16.177, a Master Trust Indenture dated July 1, 1994 (the "IFA Master Indenture"), as supplemented by a Series 2002 Supplemental Master Indenture of Trust (the "Series 2002 Supplemental Indenture") for the purpose of refunding bonds issued by the Authority to finance prison facilities, which Series 2002 Bonds are secured by a pledge of amounts on deposit in the Infrastructure Fund; and

WHEREAS, Section 12.80 and Chapter 12A of the Code of Iowa (the "Act"), among other things, authorized the Treasurer issue revenue bonds (the "Bonds") to provide prison infrastructure financing payable solely and only out of the moneys, assets, or revenues of the Infrastructure Fund; and

WHEREAS, the Treasurer may from time to time issue notes in anticipation of the future issuance of bonds under the Act and this Indenture (the "Notes"), which Notes are payable as to interest from the Infrastructure Fund and as to principal from the proceeds of Bonds to be issued hereunder (the Notes and the Bonds being referred to herein as the "Obligations"); and

WHEREAS, the Act provides that beginning July 1, 2009, the Treasurer shall certify to the judicial branch the amount of funds necessary to be remitted for deposit in the Infrastructure Fund from Collections for debt payments expected to be paid from the Infrastructure Fund, which debt obligations will include the IFA Bonds and the Bonds and interest on the Notes; and

WHEREAS, the Act provides that moneys in the Infrastructure Fund are to be applied to the payment of principal of, premium and interest on the IFA Bonds prior to being applied to the payment of principal, premium and interest on Bonds and interest on the Notes issued by the Treasurer under the Act; and

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

WHEREAS, the Prior Notes have been defeased and the pledges under the Prior Master Indenture and the Prior Supplemental Indenture have been discharged simultaneously with the execution and delivery of this Master Indenture; and

WHEREAS, this Master Indenture supercedes and replaces the Prior Master Indenture; and

WHEREAS, all things necessary to make the Obligations, when executed by the Treasurer and authenticated by the Trustee and issued as in this Indenture provided, the valid, binding and legal limited special obligations of the Treasurer according to the import thereof, and to constitute this Indenture a valid assignment and pledge of the Pledged Funds pledged to the payment of principal of, premium, if any, and interest on the Bonds and interest on the Notes and the creation, execution and delivery of this Indenture, and the creation, execution and issuance of the Obligations, subject to the terms hereof, have in all respects been duly authorized;

NOW, THEREFORE, THIS INDENTURE OF TRUST WITNESSETH:

GRANTING CLAUSES

The Treasurer and the Department, acting for and on behalf of the State, and in consideration of the premises and the acceptance by the Trustee of the trusts hereby created and of the purchase and acceptance of the Obligations by the owners thereof, and for other good and valuable consideration, the receipt of which is hereby acknowledged, in order to secure the payment of the principal of, premium, if any, and interest on the Bonds and interest on the Notes according to their tenor and effect and to secure the performance and observance by the State, the Treasurer and the Department of all the covenants expressed or implied herein and in the Obligations, do hereby sell, transfer, assign and pledge, and grant a security interest in, the following to, Wells Fargo Bank, National Association, as trustee, and its successors in trust and assigns forever, for the securing of the performance of the obligations of the State, the Treasurer and the Department hereinafter set forth, such sale, transfer, assignment, pledge and grant of a security interest to be effective without the recording of this Indenture or any other instrument:

GRANTING CLAUSE FIRST

Subject to the Treasurer's obligations under the Act to apply funds in the Infrastructure Fund first to the payment of principal and interest on the IFA Bonds, all right, title and interest of the State, the Treasurer and the Department in and to the Infrastructure

Fund and the moneys, assets and revenues of the Infrastructure Fund, including, but without limiting the generality of the foregoing, the present and continuing right to make claim for, collect, receive and receipt for all payments of any amounts directed by law to be deposited in the Infrastructure Fund and all rights to bring actions and proceedings for the collection of any amounts directed by law to be deposited in the Infrastructure Fund, and all rights to do any and all things which the State, the Treasurer or the Department is or may become entitled to do under or due to the provisions of the Act providing for the deposit of amounts in the Infrastructure Fund and authorizing the pledge of the moneys, assets and revenues of the Infrastructure Fund (recognizing, however, that the Act provides that all amounts in the Infrastructure Fund at the end of each Fiscal Year are transferred to the State's general fund and, following such transfer, are no longer pledged to the payment of the Obligations or the IFA Bonds).

GRANTING CLAUSE SECOND

All right, title and interest of the State, the Treasurer and the Department in and to the Debt Service Reserve Fund, the Construction Fund and the Bond Fund and other funds now or hereafter held by the Trustee under the terms of this Indenture.

GRANTING CLAUSE THIRD

All moneys and securities (including the investment income therefrom) and all other property of every kind and of every name and nature which are now or from time to time hereafter, by delivery or by writing of any kind, pledged, assigned or transferred as and for security hereunder to the Trustee by the Treasurer or the Department or by anyone in their behalf, or with their written consents, and all cash and securities now or hereafter held in the Funds and all investment earnings on the Funds.

TO HAVE AND TO HOLD ALL and singular the Trust Estate, whether now owned or hereafter acquired, unto the Trustee and its respective successors in trust and assigns forever;

IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth for the equal and proportionate benefit, security and protection of all present and future owners of the Obligations issued under and secured by this Indenture without privilege, priority or distinction as to the lien or otherwise of any of the Obligations over any of the other Obligations except as otherwise expressly provided herein;

PROVIDED, HOWEVER, that if the Treasurer shall pay or cause to be paid, or there shall otherwise be paid or provision for payment made of, the principal of, premium, if any, and interest on the Obligations due or to become due thereon, at the times and in the manner mentioned in the Obligations, and shall pay or cause to be paid to the Trustee all sums of money due or to become due according to the provisions hereof and shall otherwise comply with Article VI hereof, then this Indenture and the rights hereby granted shall, except as otherwise provided in Article VI hereof, cease, determine and be void; otherwise this Indenture to be and remain in full force and effect.

NOTWITHSTANDING any other provision hereof, in no event shall the Rebate Fund be subject to the pledge or lien of this Indenture.

THIS MASTER INDENTURE OF TRUST FURTHER WITNESSETH, and it is expressly declared, that all Obligations issued and secured hereunder are to be issued, authenticated and delivered, and all said taxes, fees, property, rights and interest, including, without limitation, the amounts hereby sold, transferred, granted, assigned and pledged, are to be dealt with and disposed of, under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes hereinafter expressed, and the Treasurer and the Department have agreed and covenanted, and do hereby agree and covenant on behalf of the State, with the Trustee and with the respective owners, from time to time, of the Obligations, or any part thereof, as follows (subject, however, to the provisions of Section 2.06 hereof):

ARTICLE I

DEFINITIONS AND RULES OF INTERPRETATION

Section 1.01. Definitions. As used in this Indenture, the following words and phrases shall have the following meanings unless the context otherwise requires:

“Act” means Section 12.80 and Chapter 12A of the Code of Iowa, as amended, and any subsequent amendments.

“Annual Debt Service” means the amount of Debt Service coming due during a Fiscal Year.

“Annual Valuation” means the fixing by the Trustee of the value of the assets held in the Debt Service Reserve Fund and Supplemental Reserve Fund as of December 1 in each year, pursuant to Sections 4.09 and 4.10 hereof. Such valuation shall be based upon the amortized cost of the assets.

“Anticipated Bonds” means Bonds required to be issued hereunder in order to pay the principal of Notes Outstanding issued in anticipation thereof.

“Authority” means the Iowa Finance Authority, a public instrumentality and agency of the State created and existing under and by virtue of Chapter 16 of the Code of Iowa (1993), as amended, and its successors and assigns.

“Bond Counsel” means a law firm appointed by the Treasurer and having a national reputation in the field of municipal law, whose opinions are generally accepted by purchasers of municipal bonds.

“Bond Fund” means the Fund by that name created by Section 4.02 hereof.

“Bonds” means the Bonds which are authorized to be issued by the Treasurer pursuant to supplements to this Indenture.

“Business Day” means 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.

“Code” means the Internal Revenue Code of 1986, as amended from time to time, and the regulations from time to time promulgated or proposed thereunder.

“Collections” means the total of the money from fines, fees, costs, and forfeited bail collected by the clerks of the district court in criminal cases, including those collected for both scheduled and nonscheduled violations, but excluding fines and fees attributable to commercial vehicle violation citations issued after July 1, 1998, and any other amounts referred to in the Act or any other statute and which are subject to be remitted to the Treasurer for deposit in the Infrastructure Fund.

“Construction Fund” means the Fund by that name created by Section 4.02 hereof.

“Cost of Issuance Fund” means the Fund by that name created by Section 4.02 hereof.

“Counsel” means an attorney or firm of attorneys duly admitted to practice law before the highest court of any state.

“Debt Service” shall mean the aggregate principal (whether at maturity or pursuant to sinking fund redemption requirements), interest and other payments on Bonds, Anticipated Bonds, and the IFA Bonds and interest on Notes for the period or periods in question as specified in the coverage test being applied. If Bonds are issued with a variable rate, there shall be taken into account in determining the Debt Service the amount of principal and interest payable for such period or periods, assuming that the interest rate for such period or periods on such variable rate Bonds is the average rate on such Bonds over the prior three (3) year period and applying such rate on a consistent basis. In the case of Anticipated Bonds, Debt Service shall be the amounts estimated by the Treasurer on the basis of an expected debt service schedule for the Anticipated Bonds prepared on behalf of the Treasurer by his financial advisor based on not less than prevailing interest rates for comparable obligations.

“Debt Service Reserve Fund” means the Fund by that name created by Section 4.02 hereof.

“Debt Service Reserve Fund Requirement” means an amount equal to the lowest of (i) ten percent (10%) of the original principal amount of all Bonds (excluding, however, the principal amount of Bonds issued as part of a series of Bonds all of which have been retired or redeemed); (ii) the maximum amount of principal (whether at maturity or pursuant to sinking fund redemption requirements) and interest during any Fiscal Year on all Bonds Outstanding; or (iii) one hundred twenty-five percent (125%) of the average amount of principal (whether at maturity or pursuant to sinking fund redemption requirements) and interest on all Bonds Outstanding for the Fiscal Years such Bonds are to remain Outstanding; provided, however, that in the case of Build America Bonds issued under Section 54AA(g) of the Code or similar taxable bonds providing for a refundable credit payment to the State under Section 6431 of the Code, the amount of interest payable for purposes of the foregoing calculation shall be reduced by the amount of such credit payments.

“Department” means the Iowa Department of Corrections, a department of the executive branch of the State, and its successors and assigns.

“Department Officer” means the Director of the Department, and, when used with reference to an act or document, also means any other person authorized by the Director of the Department to perform such act or sign such document.

“Eligible Investments” means any of the following which are at the time of investment legal investments under the laws of the State for the moneys held hereunder which are proposed to be invested therein:

- (i) direct obligations of the United States of America or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America;
- (ii) bonds, debentures, notes, participation certificates or other evidences of indebtedness issued or guaranteed by any agency or corporation which has been or may hereafter be created by or pursuant to an Act of Congress as an agency or instrumentality of the United States (including but not limited to the fully guaranteed portion of an obligation partially guaranteed by any of the foregoing, if the Trustee's ownership of such portion is accepted in writing by an officer of the guaranteeing agency or instrumentality).
- (iii) Direct and general obligations of any state within the United States or any political subdivision of the State, which is at the time of purchase rated in the AA or a higher rating category as defined on the date hereof by a Rating Agency, or in an equivalent or higher rating category based on any subsequent redefinition.
- (iv) Negotiable certificates of deposit issued by any national banking association or by a bank or trust company organized under the laws of any state, or interest-bearing time deposits with any such institution, or an obligation of the parent corporation of any such institution, provided that the institution issuing the certificate of deposit or accepting the time deposit or issuing the obligation has a combined capital and surplus (or, with respect to the parent company, has stockholders' equity or capital and retained earnings) of at least \$50,000,000, and is rated in the AA or a higher rating category as defined on the date hereof by a Rating Agency, or in an equivalent or higher rating category based on any subsequent redefinition.
- (v) Any repurchase agreement or similar financial transaction with a national banking association or a bank or trust company organized under the laws of any state (including the Trustee), or with a government bond dealer reporting to, trading with and recognized as a primary dealer by the Federal Reserve Bank of New York, which agreement is secured by a perfected security interest in any one or more of the securities described in clauses (i) through (iii), inclusive, which securities are held by an independent third party and which have an aggregate market value at least equal to the amount invested.
- (vi) Money market funds which are fully invested in any of the securities described in clauses (i) through (iii), inclusive, and (v).
- (vii) Guaranteed investment contracts issued, secured or guaranteed by a corporation or national banking association which has a long-term debt rating by a Rating Agency in any of the three highest generic rating categories.
- (viii) Obligations of an insurance company which has a long-term debt rating by a Rating Agency in either of the two highest generic rating categories or obligations insured by an insurance company which has an insurance claims- paying

ability rating or an insurance financial strength rating from a Rating Agency in either of the two highest generic rating categories.

“Event of Default” means any occurrence or event specified in Section 7.01 hereof.

“Fiscal Year” means the State’s fiscal year.

“Funds” means the funds created by Article IV hereof or under the terms of any Supplemental Indenture.

“Governmental Obligations” means direct general obligations of, or obligations the payment of the principal of and interest on which is unconditionally guaranteed by, the United States of America.

“Holder” or “holder of Obligations” or “owner of Obligations” or “holder” means the registered owner of any Bond or Note.

“IFA Bonds” means the Series 2002 Bonds issued by the Authority pursuant to Iowa Code, Section 16.177.

“IFA Master Indenture” means the Master Trust Indenture dated July 1, 1994, executed by the Authority.

“Indenture” means this Master Indenture of Trust and all supplements and amendments hereto.

“Infrastructure Fund” means the Iowa prison infrastructure fund created and established in the office of the Treasurer pursuant to Iowa Code, Section 602.8108A.

“Interest Payment Date” means any date on which an installment of interest is payable on the Obligations.

“Maximum Annual Debt Service” shall mean the maximum amount of Annual Debt Service in any current or future Fiscal Year.

“Notes” means the notes issued by the Treasurer in anticipation of the issuance of Bonds under this Indenture.

“Obligations” means all Bonds and Notes which are authorized to be issued pursuant to supplements to this Indenture.

“Opinion of Counsel” means an opinion in writing of a Counsel, who may but need not be counsel to the Treasurer, the Department or the Trustee.

“Outstanding,” “Obligations Outstanding,” “Bonds Outstanding” or “Notes Outstanding” means all Obligations, or only Bonds or Notes as the case may be, which have been authenticated and delivered by the Trustee under this Indenture, except:

(a) Obligations, or Bonds or Notes, canceled after purchase in the open market or because of payment at or redemption prior to maturity;

(b) Obligations, or Bonds or Notes, deemed paid under Article VI hereof; and

(c) Obligations, or Bonds or Notes, in lieu of which other Obligations, or Bonds or Notes, have been authenticated under Sections 2.08 or 2.09 hereof

“Paying Agent” means the Trustee or any other bank or trust company designated pursuant to this Indenture to serve as a paying agency or place of payment for the Obligations, and any successors designated pursuant to this Indenture, or, if so provided in a Supplemental Indenture for any series of Bonds or Notes, the Treasurer.

“Pledged Funds” means the amounts deposited in the Infrastructure Fund pursuant to the Act, and any other sums of money pledged pursuant to this Indenture.

“Projected Revenues Certificate” means a certificate from a Department Officer executed in connection with the issuance of a series of Obligations setting forth the Annual Debt Service on all Bonds, Notes (excluding principal), Anticipated Bonds, and IFA Bonds which will be Outstanding after the issuance of that series of Obligations and certifying that the total of the Collections set forth in such Projected Revenues Certificate during the last Fiscal Year ending prior to the date of the Projected Revenues Certificate is not less than two times the Maximum Annual Debt Service on all Bonds, Notes (excluding principal), Anticipated Bonds and IFA Bonds which will be Outstanding after the issuance of that series of Obligations.

“Rating Agency” means a nationally recognized securities rating agency which has rated a series of the Obligations.

“Rebate Fund” means the Fund by that name created by Section 4.02 hereof.

“Record Date” means, with respect to any Interest Payment Date, unless otherwise provided with respect to a particular series of Obligations in the Supplemental Indenture authorizing such Obligations, the day which is the first day of the month in which such Interest Payment Date occurs.

“Refunding Obligations” means Obligations authorized to be issued under a supplement to this Indenture for the purpose of paying the principal or interest on any Outstanding Obligations.

“Registrar” means the Trustee or any other entity appointed as such pursuant to Section 2.09 hereof and any successor thereto.

“Series 2002 Bonds” means the Refunding Revenue Bonds (Correctional Facility Program), Series 2002 issued by the Authority.

“State” means the State of Iowa.

“Supplemental Indenture” means an indenture supplemental to, and authorized and executed pursuant to the terms of, this Indenture for the purpose of creating a particular series of Obligations issued hereunder or amending or supplementing the terms hereof.

“Supplemental Reserve Fund” means the Fund by that name created by Section 4.02 hereof.

“Supplemental Reserve Fund Requirement” means an amount, if any, by which the maximum amount of principal (whether at maturity or pursuant to sinking fund redemption requirements) and interest during any Fiscal Year on all Bonds Outstanding exceeds the amount on deposit in the Debt Service Reserve Fund.

“Treasurer” means Treasurer of the State, his successors and assigns.

“Treasurer’s Designee” means any person authorized by the Treasurer to perform an act or sign a document.

“Trustee” means Wells Fargo Bank, National Association or any successor thereto hereunder. The Trustee maintains an office located in Des Moines, Iowa.

“Trust Estate” means the property, rights, Pledged Funds, and other amounts pledged and assigned to the Trustee pursuant to the Granting Clauses hereof.

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

(a) “This 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 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 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 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 BONDS AND NOTES

Section 2.01. Series and Amount of Obligations. The number or series of Obligations that may be created under this Indenture is not limited. The aggregate principal amount of Obligations of each series that may be issued, authenticated and delivered under this Indenture is not limited except as may be set forth in the Supplemental Indenture and as restricted by the provisions of this Indenture including, but not limited to, Section 2.13 hereof.

Section 2.02. Designation and Denomination of Obligations. Obligations issuable under this Indenture shall be issued in such series as may from time to time be created by Supplemental Indentures permitted by this Indenture. Each series shall be created by a different Supplemental Indenture and shall be designated to differentiate the Obligations of such series from the Obligations of any other series. Obligations shall be issuable in such denominations and in such form or forms as shall be prescribed by the Supplemental Indenture.

Section 2.03. Title of Obligations: Payment. All Bonds shall be designated "State of Iowa Special Obligation Bonds (Prison Infrastructure Fund)," and each series of Bonds shall be separately designated by series. All Notes shall be designated "State of Iowa Special Obligation Bond Anticipation Notes (Prison Infrastructure Fund)," and each series of Notes shall be separately designated by series.

Unless other arrangements for payment are provided for in the Supplemental Indenture creating a series of Obligations, (i) the principal of, premium, if any, and interest on the Obligations shall be payable in any coin or currency of the United States of America which on the respective dates of payment thereof is legal tender for the payment of public and private debts; (ii) principal of and premium, if any, on the Obligations shall be payable at the principal office of the Paying Agent, and payment of the interest on each Obligation shall be made by the Paying Agent on each Interest Payment Date to the person appearing as the registered owner thereof as of the close of business on the Record Date preceding the Interest Payment Date by check mailed to such registered owner at his address as it appears on the registration books maintained by the Registrar or at such other address as is furnished in writing by such registered owner to the Registrar, regardless of the cancellation of any such Obligations upon any exchange or transfer thereof subsequent to the Record Date and prior to such Interest Payment Date; and (iii) payment of the principal of and premium, if any, on all Obligations shall be made only upon the presentation and surrender of such Obligations as the same shall become due and payable.

Section 2.04. Compliance with Indenture. Upon satisfaction of and compliance with the requirements and conditions set forth in this Indenture and the Supplemental Indenture creating a series of Obligations, Obligations of a particular series may be executed by the Treasurer and delivered to the Trustee for authentication following the execution and delivery of the Supplemental Indenture creating such series or from time to time thereafter,

and the Trustee shall authenticate and deliver Obligations of such series upon the written order of the Treasurer, stating, in effect, that the requirements and conditions set forth in this Indenture and the Supplemental Indenture have been satisfied and complied with, that no event which constitutes, or with the giving of notice or passage of time or both would constitute, an Event of Default under this Indenture exists, and signed by an Treasurer Officer.

Section 2.05. Form of Obligations; Payment. Obligations of a particular series shall be dated, shall be payable as to principal, premium, if any, and interest on such date or dates and in such manner, shall be issuable as registered or bearer Obligations, and shall contain other terms and provisions, as shall be established in this Indenture and in the Supplemental Indenture authorizing such series. Obligations may be issued with a varying rate of interest, with provisions for adjusting the mode of the Obligations, as capital appreciation bonds, as commercial paper, at a discount or premium, in book-entry-only form, or in any other form authorized in the Supplemental Indenture with respect to the particular series of Obligations. The Obligations of each series shall be substantially in the form provided for in the Supplemental Indenture authorizing such series.

Section 2.06. Execution. The Obligations shall be executed with the manual or facsimile signature of the Treasurer. In case the person whose signature or whose facsimile signature shall appear on the Obligations shall cease to be the Treasurer before the delivery of the Obligations, such signature or facsimile signature shall nevertheless be valid and sufficient for all purposes, the same as if such person had remained in office until delivery.

Section 2.07. Authentication. No Obligation shall be valid or obligatory for any purpose or entitled to any security or benefit under this Indenture unless and until a certificate of authentication on such Obligation in the form to be set forth in the Supplemental Indenture authorizing the particular series of Obligations shall have been duly executed by the Trustee, and such executed certificate of the Trustee upon any such Obligation shall be conclusive evidence that such Obligation has been authenticated and delivered under this Indenture. The Trustee's certificate of authentication on any Obligation shall be deemed to have been executed by it if signed by an authorized officer or signatory of the Trustee, but it shall not be necessary that the same officer or signatory sign the certificate of authentication on all of the Obligations.

Section 2.08. Mutilated, Lost, Stolen or Destroyed Obligations; Obligations Not Delivered for Purchase. If any Obligation is mutilated, lost, stolen or destroyed, the Treasurer shall execute and the Trustee shall authenticate a new Obligation of the same date, maturity and denomination as that mutilated, lost, stolen or destroyed; provided that in the case of any mutilated Obligation, such mutilated Obligation shall first be surrendered to the Trustee, and in the case of any lost, stolen or destroyed Obligation, there shall be first furnished to the Treasurer and the Trustee evidence of such loss, theft or destruction satisfactory to the Trustee, together with an indemnity satisfactory to the Trustee. In the event any such Obligation shall have matured or been called for redemption, instead of issuing a duplicate Obligation, the Treasurer may pay the same. The Treasurer and the Trustee may charge the

owner of such Obligation with their reasonable fees and expenses in connection with replacing any Obligation mutilated, lost, stolen or destroyed.

Section 2.09. Transfer and Exchange of Obligations; Persons Treated as Owners. The Treasurer shall cause books for the transfer of the Obligations as provided in this Indenture to be kept by the Trustee, which is hereby appointed the Registrar of the Treasurer for the Obligations. Upon surrender for transfer of any Obligation at the principal corporate trust office of the Trustee, duly endorsed for transfer or accompanied by an assignment duly executed by the registered owner or his attorney duly authorized in writing, the Treasurer shall execute and the Trustee shall authenticate and deliver in the name of the transferee or transferees a new Obligation or Obligations for a like aggregate principal amount.

Obligations may be exchanged at the principal corporate trust office of the Trustee for a like aggregate principal amount of Obligations of other authorized denominations of the same maturity. The Treasurer shall execute and the Trustee shall authenticate and deliver Obligations which the Holder making the exchange is entitled to receive, bearing numbers not contemporaneously outstanding. The execution by the Treasurer of any Obligation of any denomination shall constitute full and due authorization of such denomination and the Trustee shall thereby be authorized to authenticate and deliver such Obligation.

The person in whose name any Obligation shall be registered shall be deemed and regarded by the Trustee, the Treasurer, any Paying Agent, any Registrar, any co-registrar or any transfer agent as the absolute owner thereof for all purposes, and payment of or on account of the principal of premium, if any, or interest on any Obligation shall be made only to or upon the written order of the registered owner thereof or his legal representative, subject to Section 2.03 hereof, and neither the Treasurer nor the Trustee, any Paying Agent, any Registrar, any co-registrar or any transfer agent shall be affected by any notice to the contrary, but such registration may be changed as hereinabove provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Obligation to the extent of the sum or sums paid.

For every exchange or transfer of a Obligation, the Trustee may impose a charge on the transferor sufficient to reimburse the Trustee for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer. Unless otherwise provided in a Supplemental Indenture authorizing a series of Obligations, no other transfer charge shall be made for any exchange or transfer of any Obligation.

Section 2.10. Destruction of Obligations. Whenever any outstanding Obligation shall be delivered to the Trustee, for cancellation pursuant to this Indenture, upon payment of the principal amount thereof or for replacement pursuant to Section 2.08 hereof or for transfer or exchange pursuant to Sections 2.09 or 2.11 hereof, such Obligation shall be canceled and destroyed by the Trustee.

Section 2.11. Temporary Obligations. Pending the preparation of definitive Obligations, the Treasurer may execute and the Trustee shall authenticate and deliver temporary Obligations. Temporary Obligations shall be issuable as fully registered

Obligations, of any denomination, and substantially in the form of the definitive Obligations but with such omissions, insertions and variations as may be appropriate for temporary Obligations, all as may be determined by the Treasurer. Temporary Obligations may be issued without specific terms and may contain such reference to any provisions of this Indenture as may be appropriate. Every temporary Obligation shall be executed by the Treasurer and authenticated by the Trustee upon the same conditions and in substantially the same manner, and with like effect, as the definitive Obligations. As promptly as practicable the Treasurer shall execute and shall furnish definitive Obligations and there upon temporary Obligations may be surrendered in exchange therefor without charge at the principal corporate trust office of the Trustee, and the Trustee shall authenticate and deliver in exchange for such temporary Obligations a like aggregate principal amount of definitive Obligations. Until so exchanged the temporary Obligations shall be entitled to the same benefits under this Indenture as definitive Obligations.

Section 2.12. Nonpresentment of Obligations. In the event any Obligation shall not be presented for payment when the principal thereof becomes due, either at maturity or at the date fixed for redemption thereof, or otherwise, or if any interest check shall not be cashed, if funds sufficient to pay such Obligation or interest shall have been made available by the Treasurer to the Trustee for the benefit of the owner thereof, all liability of the Treasurer to the owner thereof for the payment of such Obligation or interest, as the case may be, shall forthwith cease, terminate and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such funds, uninvested and without liability for interest thereon, for the benefit of the owner of such Obligation or interest, as the case may be, who shall thereafter be restricted exclusively to such funds for any claim of whatever nature on his part under this Indenture or on, or with respect to, said Obligation or interest, as the case may be, provided that any money deposited with the Trustee for the payment of the principal of (and premium, if any) or interest on any Obligation and remaining unclaimed for two years after such principal (and premium, if any) or interest has become due and payable shall be paid to the Treasurer upon the direction of the Treasurer and the owner of such Obligation or interest, as the case may be, shall thereafter, as an unsecured general creditor, look only to the Treasurer for payment thereof, and all liability of the Trustee with respect to such trust money shall thereupon cease.

Section 2.13. Requirements for Issuance of Obligations. So long as (a) there is no default under this Indenture, and (b) the issuance of a particular series of Obligations will not constitute a default under this Indenture, the Treasurer may issue one or more series of Obligations, to be authenticated and delivered for the purposes specified in the Supplemental Indenture pursuant to which each series of Obligations is issued.

All Obligations shall be payable solely from the sources pledged pursuant to this Indenture to the payment of such Obligations. The Obligations of each such series shall be authenticated by Trustee and, upon payment to Trustee of the proceeds of said sale of Obligations, shall be delivered by the Trustee to or upon the order of the purchasers thereof, but only upon there being filed with the Trustee the following:

(a) Original executed counterparts of the Supplemental Indenture authorizing the issuance of the particular series of Obligations.

(b) A written order to Trustee by the Treasurer to authenticate and deliver the particular series of Obligations to the purchaser or purchasers therein identified upon payment to Trustee of a specified sum plus accrued interest.

(c) Except in the case of Bonds issued to provide for the payment of Notes Outstanding and Refunding Obligations which will result in a lower Maximum Annual Debt Service, a duly executed Projected Revenues Certificate.

(d) In the case of Bonds, a duly executed certificate from the Trustee that upon the issuance of the series of Bonds the amount in the Debt Service Reserve Fund will be equal to the Debt Service Reserve Fund Requirement and that the amount in the Supplemental Reserve Fund, together with any amounts in the Capitalized Interest Account of the Bond Fund which are to be expended for the payment of interest in that year, equals the Supplemental Reserve Fund Requirement.

(e) An opinion of Bond Counsel that the issuance of the series of Obligations will not impair the tax-exempt status of interest on Obligations previously issued.

Except for the distinctions between Notes and Bonds stated herein, each series of Obligations issued pursuant to this Indenture shall be equally and ratably secured under this Indenture with all other series of Obligations theretofore or thereafter issued pursuant to this Indenture without preference, priority or distinction of any Obligation or Obligations over any other Obligation or Obligations. Each series of Obligations shall provide for maturities on June 15 and shall provide for interest payments on December 15 and June 15.

Section 2.14. Issuance of Refunding Obligations. Subject to and in accordance with Section 2.13 hereof, the Treasurer may issue Refunding Obligations, to be authenticated and delivered, to the extent permitted by law, at any time for the purpose of providing funds for refunding all or a portion of the Obligations then outstanding (including the payment of any redemption premium thereon). Refunding Obligations shall be stated to mature in each year or years, and shall bear interest at a rate or rates, as set forth in the Supplemental Indenture pursuant to which the Refunding Obligations are to be issued and as may then be permitted by law, and may be in such form as permitted by Section 2.05 hereof, and may be made redeemable at such times and prices all as may be provided in the Supplemental Indenture authorizing the issuance of the Refunding Obligations.

ARTICLE III

REDEMPTION OF BONDS

Section 3.01. Optional and Mandatory Redemption. Obligations of each series may be subject to optional and mandatory redemption in whole or in part and may be redeemed prior to maturity as provided in this Indenture and the Supplemental Indenture creating such series, but not otherwise.

Section 3.02. Notice of Redemption: Contents of Notice.

(a) Unless waived by the holders of all Obligations then Outstanding of a particular series, in order to exercise any option to redeem any Outstanding Obligation or Obligations of such series in whole or in part pursuant to this Article III and the Supplemental Indenture creating such series, the Treasurer shall cause the Trustee to give notice of such redemption to Holders of such Obligations to be redeemed as hereinafter provided in this Section 3.02.

(b) A notice of redemption to the holders of the Obligations to be redeemed in whole or in part shall be mailed by first class mail at least 30 days prior to the date fixed for redemption to the Holders of such Obligations at their last addresses as they shall appear upon the register maintained by the Registrar.

(c) Each such notice of redemption shall specify the designation of the series of Obligations to be redeemed, the date fixed for redemption and the redemption price at which such Obligations or portions thereof are to be redeemed, and shall state that payment of the redemption price of such Obligation or portions thereof to be redeemed will be made in the manner provided in the Supplemental Indenture creating such series upon presentation and surrender of such Obligations, that interest accrued to the date fixed for redemption will be paid as specified in said notice, and that on and after said date interest thereon will cease to accrue. If less than all Obligations of a series are to be redeemed, the notice of redemption shall specify the numbers of the Obligations to be redeemed as a whole or in part. In case any such Obligation is to be redeemed in part only the notice that relates to such Obligation shall state the portion of the principal amount thereof to be redeemed, and shall state that on and after the redemption date, upon surrender of such Obligation, the Holder will receive the redemption price in respect of the principal amount thereof called for redemption and, without charge, a new Obligation or Obligations of the same series and maturity of authorized denominations for the principal amount thereof remaining unredeemed. After the date fixed for redemption, all Obligations or portions thereof so called for redemption (unless the Treasurer shall default in the payment of such Obligations at the redemption price, together with accrued interest thereon to the date fixed for redemption), shall cease to bear interest thereon, shall be deemed not to be Outstanding hereunder and shall not be entitled to the benefits of this Indenture, other than payment of the redemption price, together with accrued interest to the date for redemption. The failure of the Trustee to give proper notice of a redemption of Obligations shall not affect the validity of the redemption provided that

funds are on deposit with the Trustee for redemption of the Obligations on the date fixed for redemption.

(d) If less than all of the Obligations of a series are to be redeemed, the Treasurer shall determine the maturities and the amounts thereof to be redeemed and shall notify the Trustee thereof at least 45 days (or such shorter period as shall be agreed to in writing by the Trustee) prior to the date fixed for redemption. If less than all Obligations of a maturity are to be redeemed, the Treasurer shall give the Trustee, at least 45 days (or such shorter period as shall be agreed to in writing by the Trustee) in advance of the date fixed for redemption, notice of the aggregate principal amount of such Obligations to be redeemed (unless such principal amount to be redeemed has been established by the Supplemental Indenture creating such Obligations), and thereupon the Trustee shall select by lot, in any manner it shall deem fair, or as provided in the Supplemental Indenture creating such Obligations, the Obligations of such maturity to be redeemed and shall thereafter promptly notify the Treasurer in writing of the particular Obligations or portion thereof to be redeemed.

ARTICLE IV

PLEGGED FUNDS AND FUNDS

Section 4.01. Source of Payment of Obligations. The Obligations 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 the sources authorized by the Constitution and laws of the State, including particularly the Act, as provided herein. The Obligations and the State's 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 State or any political subdivision of the State, except as specifically provided herein.

Section 4.02. Creation of Funds. There are hereby established by the Treasurer and ordered created the following Funds to be held by the Trustee or the Treasurer as the Treasurer may direct: (1) the Bond Fund and a Capitalized Interest Account within the Bond Fund, (2) the Construction Fund, (3) the Cost of Issuance Fund, (4) the Debt Service Reserve Fund, (5) the Supplemental Reserve Fund, and (6) the Rebate Fund. There shall also be held by the Trustee such other funds and accounts as shall be created and established in any Supplemental Indenture. The Treasurer may order the creation of separate accounts for proceeds and other amounts allocated to each series of Bonds.

Section 4.03. Bond Fund. There shall be deposited into the Bond Fund all accrued interest received, if any, at the time of issuance and delivery of the Obligations. In addition, there shall be deposited into the Bond Fund, as and when received, (a) amounts received from the Treasurer for the payment of the principal of, premium, if any, and interest on the Obligations, whether at the stated maturity thereof or as a result of a redemption prior to maturity, and (b) all other moneys (including any amounts intended as capitalized interest, which shall be deposited in the Capitalized Interest Account) received by Trustee under and pursuant to any of the provisions of this Indenture which are required or which are accompanied by directions that such moneys are to be paid into the Bond Fund. The Treasurer and the Department covenant and agree that, should there be an Event of Default, the Treasurer and the Department shall fully cooperate with Trustee and with the Holders to fully protect the rights and security of the Holders and shall diligently proceed in good faith and use their best efforts so that at all times sufficient amounts will be available to promptly meet and pay the principal of and premium, if any, and interest on the Obligations as the same become due and payable. Nothing herein shall be construed as requiring the Treasurer to use any funds or revenues from any source other than as set forth herein.

Section 4.04. Use of Moneys in Bond Fund. Except as provided in Section 4.13 hereof, moneys in the Bond Fund shall be used solely for the payment of the principal of and premium, if any, and interest on the Obligations and for the redemption of the Obligations prior to maturity.

Any moneys deposited in the Bond Fund (other than amounts on deposit in the Capitalized Interest Account), from whatever source, shall be used for the purposes described herein within a thirteen (13) month period beginning on the date of deposit. Any amounts

received from investment of moneys held in the Bond Fund shall be used for the purposes described herein within a twelve (12) month period beginning on the date of receipt. The Bond Fund shall be depleted at least once a year, except for a reasonable carryover amount not exceeding the greater of (a) one year's earnings on the Bond Fund, or (b) one-twelfth of the annual debt service on the Obligations.

Section 4.05. Custody of Moneys in Bond Fund. The Bond Fund shall be in the custody of Trustee but in the name of the Treasurer, and the Treasurer hereby authorizes and directs Trustee to withdraw sufficient funds from the Bond Fund to pay the principal of and premium, if any, and interest on the Obligations as the same become due and payable, which authorization and direction Trustee hereby accepts.

Section 4.06. Construction Fund. There shall be deposited in the Construction Fund such amounts as are set forth in the Supplemental Indenture authorizing each series of Obligations. All or any portion of the amounts on deposit in the Construction Fund may be held by the Treasurer. To the extent Construction Fund moneys are held by the Trustee, the Trustee covenants and agrees to take all necessary and appropriate action promptly in approving and ordering disbursements from the Construction Fund in accordance with the provisions of Section 4.07 hereof.

Section 4.07. Disbursements from the Construction Fund. The Trustee is hereby authorized and directed to make disbursements from the Construction Fund in accordance with the provisions of the Supplemental Indenture authorizing each series of Obligations.

Section 4.08. Cost of Issuance Fund. There shall be deposited in the Cost of Issuance Fund such amounts as are set forth in the Supplemental Indenture authorizing each series of Obligations. All or any portion of the amounts on deposit in the Cost of Issuance Fund may be held by the Treasurer. To the extent Costs of Issuance Fund moneys are held by the Trustee, the Trustee is hereby authorized and directed to make disbursements from the Cost of Issuance Fund in accordance with certificates signed by the Treasurer or the Treasurer's Designee setting forth the amount to be disbursed and the recipient of the disbursement and that the disbursement is a cost incurred in connection with the issuance of Obligations under this Indenture.

Section 4.09. Debt Service Reserve Fund. There shall be deposited in the Debt Service Reserve Fund such amounts as are set forth in the Supplemental Indenture authorizing each series of Obligations. Amounts in the Debt Service Reserve Fund shall be used only for the payment of the principal of, premium, if any, and interest on Bonds and the interest on Notes. If at any time there are insufficient moneys in the Bond Fund on an Interest Payment Date to pay the principal of, premium, if any, and interest on any Bonds and the interest on any Notes, the Trustee shall use amounts in the Debt Service Reserve Fund for such purpose and shall notify the Treasurer and the Department of such use. Upon the receipt of such notice, the Treasurer shall transfer moneys from the Infrastructure Fund to the Debt Service Reserve Fund in amounts equal to the lesser of (i) the amount sufficient to replenish the amount in the Debt Service Reserve Fund to the Debt Service Reserve Fund Requirement

or (ii) the amount withdrawn from the Debt Service Reserve Fund. The Trustee shall perform an Annual Valuation on December 1, of each year of amounts on deposit in the Debt Service Reserve Fund and shall provide a copy of each Annual Valuation to the Treasurer. If, upon the Annual Valuation, it is determined that amounts on deposit in the Debt Service Reserve Fund are in excess of the Debt Service Reserve Fund Requirement (such amounts on deposit in the Debt Service Reserve Fund in excess of the Debt Service Reserve Fund Requirement are hereinafter referred to as "Excess Funds"), the Trustee shall notify the Treasurer of the Excess Funds, and the Treasurer shall have the discretion to retain the Excess Funds in the Debt Service Reserve Fund or transfer the Excess Funds to the Rebate Fund or the Bond Fund. The Treasurer shall give written direction to the Trustee to either transfer the Excess Funds to the Rebate Fund or the Bond Fund or retain them in the Debt Service Reserve Fund. If the Treasurer makes no such direction, the Trustee shall retain the Excess Funds in the Debt Service Reserve Fund. In the event the amount in the Debt Service Reserve Fund is less than the Debt Service Reserve Fund Requirement, the Trustee shall notify the Treasurer of such deficiency, but the Treasurer shall have no obligation to transfer moneys from the Infrastructure Fund to replenish the amount in the Debt Service Reserve Fund to the Debt Service Reserve Fund Requirement in excess of amounts withdrawn from the Debt Service Reserve Fund to pay debt service on Obligations. If the amounts on deposit in the Debt Service Reserve Fund is less than the Debt Service Requirement, earnings on amounts on deposit in the Debt Service Reserve Fund shall be retained in the Debt Service Reserve Fund (unless the Treasurer shall have directed that such earnings are to be deposited in the Bond Fund or Rebate Fund).

If there is existing no Event of Default under this Indenture, the moneys in the Debt Service Reserve Fund shall be paid into the Bond Fund when such moneys in the Debt Service Reserve Fund, by themselves or together with other moneys in the Bond Fund and Supplemental Reserve Fund, are equal to or greater than the amount necessary to pay all the principal amount of all Outstanding Obligations in full together with all accrued interest and premium, if any, thereon.

As required by the Act, the Treasurer shall, on or before January 1 of each calendar year, make and deliver to the Governor a certificate stating the sum, if any, required to restore the Debt Service Reserve Fund to the Debt Service Reserve Fund Requirement. The Act requires the Governor to submit to the General Assembly a budget that includes such sum. Any sums appropriated by the General Assembly and paid to the Treasurer pursuant to that provision of the Act shall be deposited by the Treasurer in the Debt Service Reserve Fund.

Section 4.10. Supplemental Reserve Fund. There shall be deposited in the Supplemental Reserve Fund such amounts as are set forth in the Supplemental Indenture authorizing each series of Obligations. Amounts in the Supplemental Reserve Fund shall be used only for the payment of the principal of, premium, if any, and interest on Bonds and the interest on Notes. If at any time there are insufficient moneys in the Bond Fund and Debt Service Reserve Fund on an Interest Payment Date to pay the principal of, premium, if any, and interest on any Bonds and the interest on any Notes, the Trustee shall use amounts in the

Supplemental Reserve Fund for such purpose and shall notify the Treasurer and the Department of such use. Upon the receipt of such notice, the Treasurer shall transfer moneys from the Infrastructure Fund to the Supplemental Reserve Fund in amounts equal to the lesser of (i) the amount sufficient to replenish the amount in the Supplemental Reserve Fund to the Supplemental Reserve Fund Requirement or (ii) the amount withdrawn from the Supplemental Reserve Fund. The Trustee shall perform an Annual Valuation on December 1, of each year of amounts on deposit in the Supplemental Reserve Fund and shall provide a copy of each Annual Valuation to the Treasurer. If, upon the Annual Valuation, it is determined that amounts on deposit in the Supplemental Reserve Fund are in excess of the Supplemental Reserve Fund Requirement (such amounts on deposit in the Supplemental Reserve Fund in excess of the Supplemental Reserve Fund Requirement are hereinafter referred to as "Excess Funds"), the Trustee shall notify the Treasurer of the Excess Funds, and the Treasurer shall have the discretion to retain the Excess Funds in the Supplemental Reserve Fund or transfer the Excess Funds to the Rebate Fund or the Bond Fund. The Treasurer shall give written direction to the Trustee to either transfer the Excess Funds to the Rebate Fund or the Bond Fund or retain them in the Supplemental Reserve Fund. If the Treasurer makes no such direction, the Trustee shall retain the Excess Funds in the Supplemental Reserve Fund. In the event the amount in the Supplemental Reserve Fund is less than the Supplemental Reserve Fund Requirement, the Trustee shall notify the Treasurer of such deficiency, but the Treasurer shall have no obligation to transfer moneys from the Infrastructure Fund to fund or replenish the amount in the Supplemental Reserve Fund to the Supplemental Reserve Fund Requirement in excess of amounts withdrawn from the Supplemental Reserve Fund to pay debt service on Obligations and amounts withdrawn or scheduled to be withdrawn from the Capitalized Interest Account of the Bond Fund to pay interest on Bonds. If the amounts on deposit in the Supplemental Reserve Fund is less than the Supplemental Reserve Fund Requirement, earnings on amounts on deposit in the Supplemental Reserve Fund shall be retained in the Supplemental Reserve Fund (unless the Treasurer shall have directed that such earnings are to be deposited in the Bond Fund or Rebate Fund).

If there is existing no Event of Default under this Indenture, the moneys in the Supplemental Reserve Fund shall be paid into the Bond Fund when such moneys in the Supplemental Reserve Fund, by themselves or together with other moneys in the Bond Fund and Debt Service Reserve Fund, are equal to or greater than the amount necessary to pay all the principal amount of all Outstanding Obligations in full together with all accrued interest and premium, if any, thereon.

As required by the Act, the Treasurer shall, on or before January 1 of each calendar year, make and deliver to the Governor a certificate stating the sum, if any, required to restore the Supplemental Reserve Fund to the Supplemental Reserve Fund Requirement. The Act requires the Governor to submit to the General Assembly a budget that includes such sum. Any sums appropriated by the General Assembly and paid to the Treasurer pursuant to that provision of the Act shall be deposited by the Treasurer in the Supplemental Reserve Fund.

Section 4.11. Rebate Fund. There shall be deposited in the Rebate Fund such amounts as are required to be deposited therein pursuant to this Indenture and any applicable rebate obligation under Section 5.02. Subject to the transfer provisions set forth below, all moneys at any time deposited in the Rebate Fund shall be held to satisfy the rebate amount for payment to the Federal Government of the United States of America and neither the Treasurer, the Department nor the owners of any Obligations shall have any right in or claim to such money. The Trustee agrees to abide by the advice provided to it regarding the use of the money deposited in the Rebate Fund.

Upon the Treasurer's written direction, an amount shall be deposited in the Rebate Fund from deposits by the Department or from available investment earnings on amounts held in the Bond Fund or the Construction Fund so that the balance in the Rebate Fund after such deposits shall equal the Estimated Rebate Liability (as such term is defined in the Letter of Instructions). Such deposits shall be made at such times as required by the Letter of Instructions.

Upon receipt of the Treasurer's written instructions, the Trustee shall remit part or all of the balance in the Rebate Fund to the United States as so directed. In addition, if the Estimated Rebate Liability is less than the balance on deposit in the Rebate Fund, and if the Treasurer so directs, the Trustee shall transfer moneys from the Rebate Fund to such other funds as may be directed by the Treasurer. Any amounts remaining in the Rebate Fund after redemption or payment of all of the Obligations and payment and satisfaction of any Rebate Amount, or provision made therefor satisfactory to the Trustee, shall be withdrawn and remitted to the Department.

Section 4.12. Moneys to be Held in Trust. All moneys required to be deposited with or paid to the Trustee for the account of any Fund established under any provision of this Indenture shall be held by the Trustee, in trust, and, except for amounts on deposit in the Rebate Fund and except for moneys deposited with or paid to the Trustee for the redemption of Obligations, notice of the redemption of which has been duly given, shall, while held by the Trustee, constitute part of the Trust Estate and be subject to the security interest created hereby.

Section 4.13. Reports From Trustee. The Trustee shall furnish monthly to the Treasurer on or before the fifteenth day of each month a report on the status of each of the Funds established under this Article IV which had activity during the prior month and which are held by the Trustee, showing at least the balance in each such Fund as of the first day of the preceding month, a record of deposits to and disbursements from each Fund, the dates of such deposits and disbursements, and the balance in each Fund on the last day of the preceding month.

Section 4.14. Application of Remaining Fund Balances. Any amounts remaining in the Bond Fund or any other Fund established hereunder after payment in full of the principal of and premium, if any, and interest on the Obligations, the fees, charges and expenses of

Trustee and all other amounts required to be paid hereunder shall be transferred to the State's general fund.

ARTICLE V

INVESTMENT OF MONEYS

Section 5.01. Investment of Moneys in Funds. Any moneys held as part of any Fund shall be invested and reinvested at the direction of the Treasurer in Eligible Investments; provided that amounts in the Debt Service Reserve Fund shall at all times be invested in Eligible Investments which either (i) mature within five years of the date of investment, or (ii) may be sold, redeemed or withdrawn at par at any time. All such Eligible Investments purchased shall mature or be redeemable or be subject to repurchase by another entity on a date or dates on or prior to the time when the moneys so invested will be required for expenditure. The Trustee may make any and all such investments through its bond department or through the bond department of any financial institution which is an affiliate of the Trustee and may trade with itself or any of its affiliates in doing so. Moneys in separate Funds may be commingled for the purpose of investment or deposit. Any investment losses shall be borne by the Fund in which the lost moneys had been deposited. The Trustee shall sell and reduce to cash a sufficient amount of such investments in the respective Fund whenever the cash balance therein is insufficient to pay the amount contemplated to be paid therefrom.

In computing the amount in any Fund held under the provisions of this Indenture (except for purposes of complying with Section 148 of the Code), obligations purchased as an investment of moneys therein shall be valued at their amortized cost, exclusive of accrued interest.

The Trustee is specifically authorized to enter into agreements with itself or any other person, which agreements guarantee the repurchase of Eligible Investments at specific prices.

The amounts deposited in the Construction Fund, the Bond Fund, the Cost of Issuance Fund, or any other Fund shall be invested as provided herein under the following limitations:

(1) Except as otherwise provided below, all amounts in every Fund shall be invested at a yield which does not exceed the yield on the Obligations; notwithstanding the foregoing, amounts may be invested at a yield higher than the yield on the Obligations if the Treasurer receives an opinion from Bond Counsel that such investment will not adversely affect the exclusion from gross income of the interest on any of the Obligations under the Code.

(2) The amounts which are deposited in the Bond Fund may be invested at a yield higher than the yield on the Obligations for a period of time not in excess of thirteen (13) months.

(3) Amounts in the Construction Fund, the Debt Service Reserve Fund and the Cost of Issuance Fund may be invested at a yield higher than the yield on the Obligations in the manner permitted by, and for the period of time set forth in, the

Letter of Instructions delivered with respect to the series of Obligations from which the amounts originated.

In making the determinations regarding yield restricted investments and Estimated Rebate Liability under this Article, the Treasurer and the Department may employ such attorneys, accountants or other experts as they deem necessary and the cost of such experts shall become an additional amount payable by the Department.

Section 5.02. Arbitrage. The Treasurer and the Department hereby covenant for the benefit of each owner of the Obligations that no use will be made of the proceeds of the Obligations or of any moneys in the Funds and that they will not knowingly take any action, or omit to take any action, which action or omission will cause the Obligations to be "arbitrage bonds" within the meaning of Section 148 of the Code and the regulations prescribed thereunder, 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 such action or omission brought to their attention, take such reasonable actions based upon advice of counsel as may rescind or otherwise negate such action or omission.

Unless otherwise required by Section 148 of the Code, the Treasurer or the Treasurer's Designee shall, on or prior to the date of issuance of the Obligations, deliver to the Trustee the certification required by the regulations promulgated under Section 148 of the Code to evidence that such Obligations will not be "arbitrage bonds" within the meaning of Section 148 of the Code and the regulations thereunder.

Section 5.03. Allocation and Transfers of Investment Income. Any investments shall be deemed at all times a part of the Fund from which the investment was made. Except as otherwise specifically provided herein or in any Supplemental Indenture, any interest or other gain on any Fund from any investment or reinvestment pursuant to Section 5.01 hereof shall be deposited as received in the Bond Fund.

ARTICLE VI

DISCHARGE OF INDENTURE

If the Treasurer shall pay or cause to be paid to the owner of any Obligation secured hereby the principal of and interest due and payable, and thereafter to become due and payable, upon such Obligation, or any portion of such Obligation in an amount equal to an authorized denomination under the Supplemental Indenture authorizing the series of Obligations of which the Obligation is a part, such Obligation or portion thereof shall cease to be entitled to any lien, benefit or security under this Indenture. If the Treasurer shall pay or cause to be paid to the owners of all the Obligations secured hereby the principal of and interest due and payable, and thereafter to become due and payable thereon, and shall pay, or cause to be paid all other sums payable hereunder by the Treasurer, then, and in that case, the right, title and interest of the Trustee herein shall thereupon cease, terminate and become void. In such event, the Trustee shall assign, transfer and turn over to the Department the Trust Estate.

Any Obligation shall be deemed to be paid within the meaning of this Article and for all purposes of this Indenture when (a) payment of the principal of and premium, if any, on such Obligation, plus interest thereon to the due date thereof (whether such due date is by reason of maturity or upon redemption as provided herein), either (i) shall have been made or caused to be made in accordance with the terms thereof, or (ii) shall have been provided for by irrevocably depositing with the Trustee in trust and irrevocably setting aside exclusively for such payment (1) moneys sufficient to make such payment and/or (2) Governmental Obligations maturing as to principal and interest in such amounts and at such time as will insure the availability of sufficient moneys to make such payment (any such moneys or Governmental Obligations once having been so set aside being no longer a part of the Trust Estate), and (b) all necessary and proper fees, compensation and expenses of the Trustee, the Treasurer and any co-registrar or transfer agent pertaining to the Obligations with respect to which such deposit is made shall have been paid or the payment thereof provided for to the satisfaction of the Trustee. At such times as a Obligation shall be deemed to be paid hereunder, as aforesaid, such Obligation shall no longer be secured by or entitled to the benefits of this Indenture, except for the purposes of any such payment from such moneys or Governmental Obligations.

Notwithstanding the foregoing paragraph, no deposit under clause (a)(ii) of the immediately preceding paragraph shall be deemed a payment of such Obligations as aforesaid (1) until the Treasurer shall have given the Trustee, in form satisfactory to the Trustee, irrevocable instructions:

(i) stating the date when the principal of each such Obligation is to be paid, whether at maturity or on a redemption date (which shall be any redemption date permitted by this Indenture);

(ii) to call for redemption pursuant to the Indenture any Obligations to be redeemed prior to maturity pursuant to (i) hereof; and

(iii) if all the Obligations are not to be redeemed within 30 days, to mail, as soon as practicable, in the manner prescribed by Article III hereof, a notice to the owners of such Obligations that the deposit required by (a)(ii) above has been made with the Trustee and that said Obligations are deemed to have been paid in accordance with this Article and stating the maturity or redemption date upon which moneys are to be available for the payment of the principal or redemption price, if applicable, on said Obligations as specified in (i) hereof;

and (2) if any Obligations are to be redeemed within the next 30 days, until proper notice of redemption of those Obligations has been given.

Any moneys so deposited with the Trustee as provided in the two foregoing paragraphs may at the direction of the Treasurer also be invested and reinvested in Governmental Obligations, maturing in the amounts and at the times as hereinbefore set forth, and all income from all such Governmental Obligations in the hands of the Trustee pursuant to this Article which is not required for the payment of the Obligations and interest thereon with respect to which such moneys shall have been so deposited, shall be paid to the Department as and when realized if not needed to pay any fees or expenses provided for hereunder.

No deposit under this Article shall be made or accepted hereunder and no use made of any such deposit unless the Trustee shall have received an opinion of Bond Counsel to the effect that such deposit and use would not cause the Obligations to be treated as arbitrage bonds within the meaning of Section 148 of the Code.

Notwithstanding any provision of any other Article of this Indenture which may be contrary to the provisions of this Article, all moneys or Governmental Obligations set aside and held in trust pursuant to the provisions of this Article for the payment of the Obligations (including interest thereon) shall be applied to and used solely for the payment of the particular Obligations (including interest thereon) with respect to which such moneys or obligations have been so set aside in trust.

Anything in Article VI hereof to the contrary notwithstanding, if moneys or obligations have been deposited or set aside with the Trustee pursuant to this Article for the payment of Obligations and interest thereon when due and such Obligations and interest shall not have in fact been actually paid in full when due, no amendment to the provisions of this Article shall be made without the consent of the owner of each Obligation affected thereby.

ARTICLE VII

DEFAULT PROVISIONS AND REMEDIES OF TRUSTEE AND BONDHOLDERS

Section 7.01. Defaults; Events of Default. If any of the following events occurs, it is hereby defined as and declared to be and to constitute an "Event of Default":

(a) Default in the payment of the interest on any Obligation when and as the same shall have become due and payable.

(b) Default in the payment of the principal of or premium, if any, on any Obligation after the principal has become due, whether at maturity or upon call for redemption.

(c) Default in the performance or observance of any of the other covenants, agreements or conditions on the part of the Treasurer or the Department contained in this Indenture or in the Obligations and the failure to remedy the same for a period of thirty (30) days after written notice, specifying such failure and requesting that it be remedied, shall have been given to the Treasurer and the Department by the Trustee; provided, however, if the failure stated in the notice cannot be corrected within the applicable period, Trustee will not unreasonably withhold its consent to an extension of time if corrective action (as detailed in a notice to the Trustee) is instituted within the applicable period and diligently pursued until the failure is corrected.

Section 7.02. Remedies; Rights of Holders. Upon the occurrence of an Event of Default, the Trustee shall have the following rights and remedies:

(a) The Trustee may pursue any available remedy at law or in equity or by statute to enforce the payment of the principal of and interest on the Obligations then outstanding.

(b) The Trustee may by action or suit in equity require the Department and the Treasurer to account as if they were the trustees of an express trust for the owners of the Obligations and may then take such action with respect to the Pledged Funds as the Trustee shall deem necessary or appropriate and in the best interest of the Holders.

The Trustee shall give notice of any Event of Default to the Treasurer and the Department as promptly as practicable after the occurrence of an Event of Default becomes known to the Trustee.

If an Event of Default shall have occurred, and if requested so to do by the owners of 25% or more in aggregate principal amount of all Obligations then Outstanding and indemnified as provided in Section 8.01(1) hereof, the Trustee shall be obligated to exercise such one or more of the rights and powers conferred by this Section as the Trustee, being advised by counsel, shall deem most expedient in the interests of the Holders.

No right or remedy by the terms of this Indenture conferred upon or reserved to the Trustee (or to the Holders) is intended to be exclusive of any other right or remedy, but each and every such right or remedy shall be cumulative and shall be in addition to any other right or remedy given to the Trustee or to the Holders hereunder or now or hereafter existing at law or in equity or by statute. The assertion or employment of any right or remedy shall not prevent the concurrent or subsequent assertion or employment of any other right or remedy.

No delay or omission in exercising any right or remedy accruing upon any default or Event of Default shall impair any such right or remedy or shall be construed to be a waiver of any such default or Event of Default or acquiescence therein; and every such right or remedy may be exercised from time to time and as often as may be deemed expedient.

No waiver of any default or Event of Default hereunder, whether by the Trustee or by the Holders, shall extend to or shall affect any subsequent default or Event of Default or shall impair any rights or remedies consequent thereon.

Section 7.03. Right of Holders to Direct Proceedings. Anything in this Indenture to the contrary notwithstanding, the owners of a majority in aggregate principal amount of Obligations then Outstanding shall have the right, at any time during the continuance of an Event of Default, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Indenture, or for the appointment of a receiver or any other proceedings hereunder; provided that such direction shall not be otherwise than in accordance with the provisions of law and of this Indenture.

Section 7.04. Appointment of Receivers. Upon the occurrence of an Event of Default, and upon the filing of a suit or other commencement of judicial proceedings to enforce any rights of the Trustee and of the Holders under this Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Trust Estate and of the Pledged Funds, issues, earnings, income, products and profits thereof, pending such proceedings, with such powers as the court making such appointment shall confer.

Section 7.05. Application of Moneys. All moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Article, shall, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the Trustee, be applied, along with any other moneys available for such purposes, as follows:

(a) Unless the principal of all the Obligations shall have become due and payable, all such moneys shall be applied:

FIRST - To the payment to the persons entitled thereto of all installments of interest then due on the Obligations, in the order of the maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment of interest, then to the

payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or privilege;

SECOND - To the payment to the persons entitled thereto of the unpaid principal of and premium, if any, on any of the Obligations which shall have become due at stated maturity or pursuant to a call for redemption (other than Obligations called for redemption for the payment of which moneys are held pursuant to the other provisions of this Indenture), in the order of their due dates and, if the amount available shall not be sufficient to pay in full Obligations due on any particular date, then to the payment ratably, according to the amount of principal due on such date, to the persons entitled thereto without any discrimination or privilege; and

THIRD - To be held for the payment to the persons entitled thereto as the same shall become due of the amounts payable pursuant to this Indenture (including principal of Obligations due upon call for redemption) and, if the amount available shall not be sufficient to pay in full amounts due on any particular date, payment shall be made ratably according to the priorities set forth in subparagraphs FIRST and SECOND above.

(b) If the principal of all the Obligations shall have become or have been declared due, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon the Obligations without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Obligation over any other Obligation, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or privilege.

Whenever moneys are to be applied pursuant to the provisions of this Section, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an Interest Payment Date unless the Trustee shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal and past-due interest to be paid on such dates shall cease to accrue. Defaulted principal and interest on a Obligation shall be payable to the person in whose name such Obligation is registered at the close of business on a Record Date for the payment of defaulted principal and interest established by notice mailed by the Trustee to the registered owners of Obligations not more than fifteen (15) days preceding such Record Date. Such notice shall be mailed to the person in whose name the Obligations are registered at the close of business on the fifth (5th) day preceding the date of mailing. The Trustee shall not be required to make payment to the owner of any Obligation until such Obligation shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Whenever all principal of and interest on all Obligations have been paid under the provisions of this Section and all expenses and charges of the Trustee, and any co-registrar or transfer agent have been paid, any balance remaining in the Funds shall be paid as provided in Article IV hereof.

Section 7.06. Remedies Vested in Trustee. All rights of action (including the right to file proof of claims) under this Indenture or under any of the Obligations may be enforced by the Trustee without the possession of any of the Obligations or the production thereof in any trial or other proceeding related thereto and any such suit or proceeding instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any owners of the Obligations, and any recovery of judgment shall be for the equal and ratable benefit of the owners of all the Outstanding Obligations.

Section 7.07. Rights and Remedies of Holders. No owner of any Obligation shall have any right to institute any suit, action or proceeding at law or in equity for the enforcement of this Indenture or for the execution of any trust hereof or for the appointment of a receiver or any other remedy hereunder, unless (a) a default has occurred, (b) such default shall have become an Event of Default and the owners of not less than 25% in aggregate principal amount of Obligations then Outstanding shall have made written request to the Trustee and shall have offered it reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name, (c) such owners of Obligations shall have offered to the Trustee indemnity as provided in Section 8.01(1) hereof, and (d) the Trustee shall for 60 days after receipt of such request and indemnification fail or refuse to exercise the rights and remedies hereinbefore granted, or to institute such action, suit or proceeding in its own name; and such request and offer of indemnity are hereby declared in every case at the option of the Trustee to be conditions precedent to the execution of the powers and trusts of this Indenture, and to any action or cause of action for the enforcement of this Indenture, or for the appointment of a receiver or for any other remedy hereunder; it being understood and intended that no one or more owners of the Obligations shall have any right in any manner whatsoever to affect, disturb or prejudice the lien of this Indenture by its, his or their action or to enforce any right hereunder except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the equal and ratable benefit of the owners of all Obligations then Outstanding. However, nothing contained in this Indenture shall affect or impair the right of any Holder to enforce the payment of the principal of and interest on any Obligation at and after the maturity or redemption date of such principal or interest, or the obligation of the Treasurer to pay the principal of and interest on each of the Obligations issued hereunder to the respective registered owners thereof at the time, place, from the source and in the manner in this Indenture and in the Obligations expressed.

Section 7.08. Termination of Proceedings. In case the Trustee or any owner of any Obligations shall have proceeded to enforce any right under this Indenture by the appointment of a receiver or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such

case the Treasurer, the Department, the Trustee and the Holders shall be restored to their former positions and rights hereunder, respectively, and with regard to the property herein subject to this Indenture, and all rights, remedies and powers of the Trustee and owners of Obligations shall continue as if no such proceedings had been taken.

Section 7.09. Waivers of Events of Default. The Trustee may at its discretion waive any Event of Default hereunder and its consequences and may rescind any declaration of maturity of all the Obligations upon the written request of the owners of (a) more than two-thirds in aggregate principal amount of all the Obligations then Outstanding in the case of default in the payment of principal or interest or (b) more than one-half in aggregate principal amount of all Obligations then Outstanding in the case of any other default; provided, however, that there shall not be waived (i) any default in the payment of the principal of any Outstanding Obligation at the date of maturity specified therein or (ii) any default in the payment when due of the interest on any Outstanding Obligation, unless prior to such waiver all arrears of interest or all arrears of payments of principal when due, as the case may be, with interest on overdue principal and interest at the rate borne by such Obligation and all expenses of the Trustee in connection with such default shall have been paid or provided for, and in case of any such waiver or rescission, or in case any proceeding taken by the Trustee on account of any such default shall have been discontinued or abandoned or determined adversely, then and in every such case the Treasurer, the Department, the Trustee and the Holders shall be restored to their former positions and rights hereunder, respectively, but no such waiver or rescission shall extend to any subsequent or other default, or impair any right consequent thereon. No such waiver shall affect the rights of third parties to payment of amounts provided for hereunder.

ARTICLE VIII

THE TRUSTEE

Section 8.01. Acceptance of the Trusts. The Trustee hereby accepts the trusts imposed upon it by this Indenture, and agrees to perform said trusts, but only upon and subject to the following express terms and conditions:

(a) The Trustee, prior to the occurrence of an Event of Default and after the curing of all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture. In case an Event of Default has occurred (which has not been cured or waived) the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

(b) The Trustee may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents, receivers or employees but shall be answerable for the conduct of the same in accordance with the standard specified above, and shall be entitled to advice of counsel concerning all matters of trusts hereof and the duties hereunder, and may in all cases pay such reasonable compensation to all such attorneys, agents, receivers and employees as may reasonably be employed in connection with the trusts hereof. The Trustee may act upon the opinion or advice of any attorneys (who may but need not be the attorney or attorneys for the Treasurer), approved by the Trustee in the exercise of reasonable care. The Trustee shall not be responsible for any loss or damage resulting from any action or nonaction in good faith in reliance upon such opinion or advice.

(c) The Trustee shall not be responsible for any recital herein, or in the Obligations (except in respect to the certificate of the Trustee endorsed on the Obligations), or for the validity of the execution by the Treasurer or the Department of this Indenture or of any supplements hereto or instruments of further assurance, or for the sufficiency of the security for the Obligations issued hereunder or intended to be secured hereby.

(d) The Trustee shall not be accountable for the use of any Obligations authenticated or delivered hereunder. The Trustee may become the owner of Obligations secured hereby with the same rights which it would have if not the Trustee.

(e) Unless an officer of the corporate trust department of the Trustee shall have actual knowledge thereof, the Trustee shall not be required to take notice or be deemed to have notice of any default hereunder except defaults under Section 7.01(a) or (b) hereof unless the Trustee shall be specifically notified in writing of such default by the Treasurer or the Department or a court of law or by any owner of the Obligations. All notices or other instruments required by this Indenture to be

delivered to the Trustee must, in order to be effective, be delivered at the principal corporate trust office of the Trustee, and in the absence of such notice so delivered the Trustee may conclusively assume there is no default except as aforesaid.

(f) The Trustee shall be protected in acting upon any notice, request, consent, certificate, order, affidavit, letter, telegram or other paper or document believed to be genuine and correct and to have been signed or sent by the proper person or persons. The Trustee shall not withhold unreasonably its consent, approval or action to any reasonable request of the Treasurer. Any action taken by the Trustee pursuant to this Indenture upon the request or Treasurer or consent of any person who at the time of making such request or giving such Treasurer or consent is the registered owner of any Obligation, shall be conclusive and binding upon all future owners of the same Obligation and upon Obligations issued in exchange therefor or in place thereof.

(g) As to the existence or nonexistence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Trustee shall be entitled in good faith to rely upon a certificate signed by an authorized officer of the Treasurer or the Department as sufficient evidence of the facts therein contained and prior to the occurrence of a default of which the Trustee has knowledge, or is deemed to have notice pursuant to Section 8.01(e), shall also be at liberty to accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient, but may at its discretion secure such further evidence deemed necessary or advisable, but shall in no case be bound to secure the same. The Trustee may accept a certificate of the Secretary of the Treasurer under its seal to the effect that a resolution in the form therein set forth has been adopted by the Treasurer as conclusive evidence that such resolution has been duly adopted, and is in full force and effect.

(h) The permissive right of the Trustee to do things enumerated in this Indenture shall not, unless otherwise provided herein, be construed as a duty and it shall not be answerable for other than its negligence or willful default.

(i) At any and all reasonable times, the Trustee and its duly authorized agents, attorneys, experts, engineers, accountants and representatives, shall have the right to inspect any and all of the books, papers and records of the Treasurer, the Treasurer and the Department pertaining to the Pledged Funds and the Obligations, and to take such memoranda from and in regard thereto as may be desired.

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

(k) Notwithstanding anything elsewhere in this Indenture contained, the Trustee shall have the right, but shall not be required, to demand, in respect of the authentication of any Obligations, the withdrawal of any cash, or any action whatsoever within the purview of this Indenture, any showings, certificates, opinions, appraisals or other information, or corporate action or evidence thereof, in addition to

that by the terms hereof required, as a condition of such action by the Trustee deemed desirable for the purpose of establishing the right of the Treasurer or the Department to the authentication of any Obligations, the withdrawal of any cash, or the taking of any other action by the Trustee.

(l) Before taking the action referred to in Section 7.02 hereof, the Trustee may require that a satisfactory indemnity bond be furnished for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from its gross negligence or willful default by reason of any action so taken.

(m) All moneys received by the Trustee shall, until used or applied or invested as herein provided, be held in trust for the purposes for which they were received but need not be segregated from other funds except to the extent required by law. Neither the Trustee nor any Paying Agent shall be under any liability for interest on any moneys received hereunder except such as may be agreed upon.

Section 8.02. Fees, Charges and Expenses of Trustee. The Trustee shall be entitled to payment and reimbursement for reasonable fees for its services rendered hereunder and all advances, counsel fees and other expenses reasonably and necessarily made or incurred by the Trustee in connection with such services. Such fees, charges and expenses shall, except as hereinafter provided, be payable directly by the Department. Upon an Event of Default, but only upon an Event of Default, the Trustee shall have a first lien with right of payment prior to payment on account of principal of or interest on any Obligation upon the Trust Estate for the foregoing fees, charges and expenses incurred by it, respectively.

Section 8.03. Notice to Holders if Default Occurs. If the Trustee becomes aware of an Event of Default, then the Trustee shall promptly give written notice thereof by first class mail to the owners of all Obligations then Outstanding, shown by the registration books kept at the office of the Registrar.

Section 8.04. Intervention by Trustee. In any judicial proceeding to which the Treasurer and/or the Department is a party and which in the opinion of the Trustee and its counsel has a substantial bearing on the interests of owners of the Obligations, the Trustee may intervene on behalf of the Holders, and shall do so if requested in writing by the owners of at least 25% of the aggregate principal amount of Obligations then Outstanding.

Section 8.05. Successor Trustee. Any corporation or association into which the Trustee may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party, ipso facto shall be and become successor Trustee hereunder and vested with all of the title to the Trust Estate and all the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instrument or any further act, deed or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

Section 8.06. Resignation by Trustee. The Trustee and any successor Trustee may at any time resign from the trusts hereby created by giving 30 days' written notice by registered or certified mail to the Treasurer, the Department and the registered owner of each Obligation, and such resignation shall take effect upon the appointment of a successor Trustee by the Holders or by the Treasurer and the acceptance of such appointment by such successor. If an instrument of acceptance by a successor Trustee shall not have been delivered to the resigning Trustee within 60 days after giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor and any attorneys' fees incurred in connection with any such petition shall be payable by the Issuer.

Section 8.07. Removal of Trustee. The Trustee may be removed at any time, by an instrument or concurrent instruments in writing delivered to the Trustee, the Treasurer and the Department and signed by the owners of a majority in aggregate principal amount of all Obligations then Outstanding.

Section 8.08. Appointment of Successor Trustee by the Holders; Temporary Trustee. In case the Trustee hereunder shall resign or be removed, or be dissolved, or shall be in course of dissolution or liquidation, or otherwise become incapable of acting hereunder, or in case it shall be taken under the control of any public officer or officers, or of a receiver appointed by a court, a successor may be appointed by the owners of a majority in aggregate principal amount of all Obligations then Outstanding, by an instrument or concurrent instruments in writing signed by such owners, or by their attorneys in fact, duly authorized and a copy of which shall be delivered personally or sent by registered mail to the Treasurer. Nevertheless, in case of such vacancy, the Treasurer and the Department may appoint a temporary Trustee to fill such vacancy until a successor to the Trustee shall be appointed by the Holders in the manner above prescribed; and any such temporary Trustee so appointed by the Treasurer and the Department shall immediately and without further act be superseded by any Trustee so appointed by such Holders. Notice of the appointment of a successor Trustee shall be given in the same manner as provided by Section 8.06 hereof with respect to the resignation of a Trustee. Every such Trustee appointed pursuant to the provisions of this Section shall be a trust company or bank in good standing having a reported capital and surplus of not less than \$25,000,000, if there be such an institution willing, qualified and able to accept the trust upon reasonable or customary terms.

Section 8.09. Concerning any Successor Trustee. Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its or his predecessor and also to the Treasurer and the Department an instrument in writing accepting such appointment hereunder, and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessors; but such predecessor shall, nevertheless, on the written request of the Treasurer, or of the successor Trustee, execute and deliver an instrument transferring to such successor Trustee all the estates, properties, rights, powers and trusts of such predecessor hereunder; and every predecessor Trustee shall deliver all securities, moneys, documents and other property held by it as the Trustee hereunder to its or his

successor hereunder. Should any instrument in writing from the Treasurer or the Department be required by any successor Trustee for more fully and certainly vesting in such successor the estate, rights, powers and duties hereby vested or intended to be vested in the predecessor, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Treasurer or the Department. The resignation of any Trustee and the instrument or instruments removing any Trustee and appointing a successor hereunder, together with all other instruments provided for in this Article, shall be filed or recorded by the successor Trustee in each recording office where this Indenture shall have been filed or recorded.

Section 8.10. Designation of Paying Agent; Designation of Any Additional Paying Agents. The Trustee is hereby designated and appointed to act as Paying Agent for and in respect to the Obligations. The Treasurer hereby covenants and agrees to cause the necessary arrangements to be made through the Trustee and to be thereafter continued for the designation of any additional Paying Agents as it deems necessary or appropriate for the making available of funds hereunder for the payment of such of the Obligations as shall be presented when due at the principal corporate trust office of any such additional Paying Agents.

The Paying Agent may at any time resign and be discharged of the duties and obligations created by this Indenture by giving at least 60 days' notice to the Treasurer, the Department and the Trustee. The Paying Agent may be removed by the Treasurer at any time, by an instrument signed by the Treasurer and filed with the Paying Agent and the Trustee.

In the event of the resignation or removal of the Paying Agent, the Paying Agent shall pay over, assign and deliver any moneys held by it in such capacity to its successor or, if there be no successor, to the Trustee.

In the event that the Treasurer shall fail to appoint a Paying Agent hereunder, or in the event that the Paying Agent shall resign or be removed, or be dissolved, or if the property or affairs of the Paying Agent shall be taken under the control of any state or federal court or administrative body because of bankruptcy or insolvency, or for any other reason, and the Treasurer shall not have appointed its successor as Paying Agent, the Trustee shall ipso facto be deemed to be the Paying Agent for all purposes of this Indenture until the appointment by the Treasurer of the Paying Agent or successor Paying Agent, as the case may be. The Trustee shall give each Holder notice by first-class mail of the appointment of a successor Paying Agent.

Section 8.11. Appointment of Co-Trustee. It is the purpose of this Indenture that there shall be no violation of any law of any jurisdiction (including particularly the law of the State) denying or restricting the right of banking corporations or associations to transact business as the Trustee in such jurisdiction. It is recognized that in case of litigation under this Indenture, and in particular in case of the enforcement thereof on default, or in case the Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies herein granted to the Trustee or hold title to

the properties, in trust, as herein granted, or take any other action which may be desirable or necessary in connection therewith, it may be necessary that the Trustee appoint an additional individual or institution as a separate or co-Trustee. The following provisions of this Section are adapted to these ends.

In the event that the Trustee appoints an additional individual or institution as a separate or co-Trustee, each and every remedy, power, right, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by this Indenture to be exercised by or vested in or conveyed to the Trustee with respect thereto shall be exercisable by and vest in such separate or co-Trustee but only to the extent necessary to enable such separate or co-Trustee to exercise such powers, rights and remedies, and every covenant and obligation necessary to the exercise thereof by such separate or co-Trustee shall run to and be enforceable by either of them.

Should any instrument in writing from the Treasurer or the Department be required by the separate or co-Trustee so appointed by the Trustee for more fully and certainly vesting in and confirming to him or it such properties, rights, powers, trusts, duties and obligations, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Treasurer or the Department. In case any separate or co-Trustee, or a successor to either, shall die, become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such separate or co-Trustee, so far as permitted by law, shall vest in and be exercised by the Trustee until the appointment of a new Trustee or a successor to such separate or co-Trustee.

ARTICLE IX

SUPPLEMENTAL INDENTURES

Section 9.01. Supplemental Indentures Creating Series of Obligations. The Treasurer and the Department, on behalf of the State, and the Trustee may from time to time enter into a Supplemental Indenture in order to issue a series of Obligations. Such Supplemental Indenture shall, with respect to the series of Obligations issued thereby, set forth the date thereof, and the date or dates upon which principal of and premium, if any, and interest on such Obligations shall be payable, and shall contain such other terms and provisions as shall be established in the Supplemental Indenture. Any Supplemental Indenture authorized by the provisions of this Section 9.01 may be executed without the consent of the Holders, notwithstanding the provisions of Section 9.03 hereof.

Section 9.02. Supplemental Indentures Not Requiring Consent of Holders. In addition to the Supplemental Indentures referred to in Section 9.01, the Treasurer, the Department and the Trustee may, without the consent of or notice to any of the Holders, enter into any indenture or indentures supplemental to this Indenture for any one or more of the following purposes:

- (a) To cure any ambiguity or formal defect or omission in this Indenture;
- (b) To grant to or confer upon the Trustee for the benefit of the Holders any additional benefits, rights, remedies, powers or authorities that may lawfully be granted to or conferred upon the Holders or the Trustee, or to make any change which, in the judgment of the Trustee, is not to the material prejudice of the Holders;
- (c) To subject to this Indenture additional revenues, properties or collateral;
- (d) To modify, amend or supplement this Indenture or any indenture supplemental hereto in such manner as to permit the qualification hereof and thereof under the Trust Indenture Act of 1939 or any similar federal statute hereafter in effect or to permit the qualification of the Obligations for sale under the securities laws of the United States of America or of any of the states of the United States of America, and, if they so determine, to add to this Indenture or any indenture supplemental hereto such other terms, conditions and provisions as may be permitted by said Trust Indenture Act of 1939 or similar federal statute; or
- (e) To evidence the appointment of a separate or co-Trustee or a co-registrar or transfer agent or the succession of a new Trustee, Paying Agent or Registrar hereunder or the appointment of a remarketing agent hereunder.

Section 9.03. Supplemental Indentures Requiring Consent of Holders. Exclusive of supplemental indentures covered by Sections 9.01 and 9.02 hereof and subject to the terms and provisions contained in this Section, and not otherwise, the owners of not less than two-

thirds in aggregate principal amount of the Obligations then Outstanding which are affected, shall have the right, from time to time, anything contained in this Indenture to the contrary notwithstanding, to consent to and approve the execution by the Treasurer, the Department and the Trustee of such other indenture or indentures supplemental hereto as shall be deemed necessary and desirable by the Trustee and the Department for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Indenture or in any supplemental indenture; provided, however, that nothing in this Section contained shall permit, or be construed as permitting (1) without the consent of the owners of all then Outstanding Obligations, (a) an extension of the maturity date of the principal of or the interest on any Obligation, or (b) a reduction in the principal amount of any Obligation or the rate of interest thereon, or (c) a privilege or priority of any Obligation or Obligations over any other Obligation or Obligations, or (d) a reduction in the aggregate principal amount of the Obligations required for consent to such supplemental indenture, or (e) the creation of any lien other than a lien ratably securing all of the Obligations at any time Outstanding hereunder or (2) any modification of the trusts, powers, rights, obligations, duties, remedies, immunities and privileges of the Trustee without the written consent of the Trustee.

If at any time the Treasurer and the Department shall request the Trustee to enter into any such supplemental indenture for any of the purposes of this Section, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of such supplemental indenture to be mailed by first class mail to each owner of a Obligation at the address shown on the registration books. Such notice shall briefly set forth the nature of the proposed supplemental indenture and shall state that copies thereof are on file at the principal corporate trust office of the Trustee for inspection by all Holders. If, within sixty (60) days, or such longer period as shall be prescribed by the Treasurer and the Department, following the mailing of such notice, the owners of not less than two-thirds in aggregate principal amount of the Obligations Outstanding at the time of the execution of any such supplemental indenture shall have consented to and approved the execution thereof as herein provided, no owner of any Obligation shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Treasurer or the Department from executing the same or from taking any action pursuant to the provisions thereof. Upon the execution of any such supplemental indenture as in this Section permitted and provided, this Indenture shall be and be deemed to be modified and amended in accordance therewith.

ARTICLE X

GENERAL COVENANTS

Section 10.01. Payment of Principal and Interest. The Treasurer covenants that he will, on behalf of the State, promptly pay the principal of and interest on every Obligation issued under this Indenture at the place, on the dates and in the manner provided herein and in the Obligations according to the true intent and meaning thereof, provided that the principal and interest are payable by the Treasurer solely from Pledged Funds, and nothing in the Obligations or this Indenture shall be considered as assigning or pledging any other funds or assets of the State or the Treasurer other than such Pledged Funds. The Department hereby directs the Treasurer to pay to the Trustee for deposit in the Bond Fund, on or before each Interest Payment Date, after application of such amounts as are required to be applied in connection with the IFA Bonds under the IFA Master Indenture, an amount equal to all the principal, premium, if any, and interest on the Obligations to become due on such Interest Payment Date, whether in accordance with the maturity schedule of the Obligations, because of a sinking fund redemption, or as a result of any other redemption prior to maturity. This direction constitutes a continuing "automatic" direction to disburse funds as referred to in Section 602.8108A of the Iowa Code.

Section 10.02. 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 Indenture, in any and every Obligation executed, authenticated and delivered hereunder and in all of its proceedings pertaining hereto. The Treasurer covenants that he is duly authorized to execute and deliver this Indenture, and to take any and all action on his part to consummate the transactions contemplated in this Indenture. The Treasurer covenants that he is duly authorized on behalf of the State under the Constitution and laws of the State, including particularly the Act, to issue the Obligations authorized hereby and to execute this Indenture, and to pledge the Pledged Funds and any other property hereby pledged in the manner and to the extent herein set forth; that all action on its part for the issuance of the Obligations and the execution and delivery of this Indenture has been duly and effectively taken, and that the Obligations 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 10.03. Performance of Covenants: The Department. The Department covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Indenture and in all of its proceedings pertaining hereto. The Department covenants that it is duly authorized by the Act to execute and deliver this Indenture and to take any and all action on the part of the Department to consummate the transactions contemplated in this Indenture. The Department covenants that it is duly authorized under the Constitution and laws of the State, including particularly the Act, to execute this Indenture and to direct the use of moneys in the Infrastructure Fund in the manner and to the extent herein set forth; and that all action on its part for the execution and delivery of this Indenture has been duly and effectively taken.

Section 10.04. Covenants Concerning Appropriations. The Treasurer reasonably believes that sufficient funds will be legally available from estimated Collections available for deposit in the Infrastructure Fund to pay the principal of, premium, if any, and interest on the Obligations and the IFA Bonds. The Treasurer covenants that if at any time there are or it appears there will be insufficient funds in the Infrastructure Fund to pay the principal of, premium, if any, and interest on any Obligations, he will do all things lawfully within his power to obtain, properly request and pursue funds to pay the principal of, premium, if any, and interest on the Obligations including, but not limited to, submitting a certificate pursuant to Section 4.09 or Section 4.10 hereof if the amount in the Debt Service Reserve Fund is less than the Debt Service Reserve Requirement or the amount in the Supplemental Reserve Fund is less than the Supplemental Reserve Fund Requirement.

Section 10.05. Instruments of Further Assurance. The Treasurer and the Department agree that the Trustee may defend their rights to the payments of the Pledged Funds for the benefit of the owners of the Obligations, against the claims and demands of all persons whomsoever. The Treasurer and the Department covenant that they will do, execute, acknowledge and deliver, or cause to be done, executed, acknowledged and delivered, such indentures supplemental hereto and such further acts, instruments and transfers as the Trustee may reasonably require for the better assuring, transferring, pledging, assigning and confirming unto the Trustee all and singular the rights assigned hereby and the amounts and other property pledged hereby to the payment of the principal of and interest on the Obligations. The Treasurer and the Department covenant and agree that, except as provided herein, they will not sell, convey, assign, pledge, encumber or otherwise dispose of any part of the Pledged Funds.

Section 10.06. Recording and Filing. The Trustee shall keep and file or cause to be kept and filed all financing statements, if any, related to this Indenture and all supplements hereto, and such other documents as may be necessary to be kept and filed in such manner and in such places as may be required by law in order to preserve and protect fully the security of the owners of the Obligations and the rights of the Trustee hereunder. In carrying out its duties under this Section 10.06, the Trustee shall be entitled to rely on an opinion of its counsel specifying what actions are required to comply with this Section 10.06.

Section 10.07. Provision of Documents to Holders. If any Holder shall request of the Treasurer or Trustee a copy of the Indenture, the Trustee shall, at the expense of the Holder, provide such Holder with a photocopy or other copy of any such document requested.

Section 10.08. Use of Infrastructure Fund. The Treasurer covenants that, except as otherwise authorized in the Act, amounts in the Infrastructure Fund will be used only for the payment of principal, premium, if any, and interest on the IFA Bonds and the Obligations or to reimburse claims on the Debt Service Reserve Fund and the Supplemental Reserve Fund made for such purpose or to fund the Debt Service Reserve Fund or the Supplemental Reserve Fund.

Section 10.09. Covenants Concerning Additional IFA Bonds. The Department covenants that it will not authorize or consent to the issuance of additional bonds or notes under the IFA Master Indenture or to the issuance of other IFA obligations payable from the Infrastructure Fund.

Section 10.10. Covenants Concerning Put Option Obligations. In the event that the Treasurer issues one or more series of Obligations hereunder the terms of which provide Holders with the option to periodically tender the Obligations for purchase, the Treasurer covenants that the obligation to purchase any such tendered Obligations will either (i) be the subject of an agreement between the Treasurer and a commercial bank pursuant to which the commercial bank agrees to purchase any such tendered Obligations or provide funds to the Treasurer to purchase any such tendered Obligations; or (ii) be subordinate to the payment of Debt Service due on all Obligations Outstanding at the time the Treasurer becomes obligated to purchase tendered Obligations. In the event the Treasurer enters into an agreement with a commercial bank as set forth above, the Treasurer covenants that any reimbursement obligation which it has to such commercial bank will be subordinate to the payment of Debt Service currently on all Obligations Outstanding at the time the reimbursement obligation arises.

Section 10.11. Covenant Concerning Secondary Market Disclosure. The Treasurer and the Department covenant to use their best efforts to comply with the disclosure requirements applicable to issuers of municipal securities of all applicable federal and state statutes, rules and regulations, including, but not limited to, Rule 15c2-12 as promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Consents, etc. of Holders. Any consent, request, direction, approval, objection or other instrument required by this Indenture to be signed and executed by the Holders may be in any number of concurrent writings of similar tenor and may be signed or executed by such Holders in person or by agent appointed in writing. Proof of the execution of any such consent, request, direction, approval, objection or other instrument or of the writing appointing any such agent and of the ownership of Obligations, if made in the following manner, shall be sufficient for any of the purposes of this Indenture, and shall be conclusive in favor of the Trustee with regard to any action taken by it under such request or other instrument, namely:

(a) The fact and date of the execution by any person of any such writing may be proved by the certificate of any officer in any jurisdiction who by law has power to take acknowledgments within such jurisdiction that the person signing such writing acknowledged before him the execution thereof, or by an affidavit of any witness to such execution.

(b) The fact of ownership of Obligations and the amount or amounts, numbers and other identification of Obligations, and the date of owning the same shall be proved by the registration books of the Treasurer maintained by the Trustee pursuant to Section 2.09 hereof.

For all purposes of this Indenture and of the proceedings for the enforcement hereof, any person deemed to be the holder of any Obligation in accordance with this Section 11.01 shall be deemed to continue to be such holder of such Obligation until Trustee shall have received notice in writing to the contrary.

Section 11.02. 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 Indenture or the Obligations is intended or shall be construed to give to any person or company other than the parties hereto, and the owners of the Obligations, any legal or equitable right, remedy or claim under or in respect to this Indenture or any covenants, conditions and provisions herein contained., this 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 Obligations as herein provided.

Section 11.03. Severability. If any provision of this 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 11.04. Obligations Limited. No recourse under or upon any obligation, covenant or agreement contained in this Indenture or in any Obligation hereby secured, 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 Indenture, shall be had against the State or the Treasurer except from the Pledged Funds as described herein.

Anything in this Indenture to the contrary notwithstanding, it is expressly understood and agreed by the parties hereto that (a) the Treasurer may rely conclusively on the truth and accuracy of any certificate, opinion, notice or other instrument furnished to the Treasurer by the Trustee or the Department as to the existence of any fact or state of affairs required hereunder to be noticed by the Treasurer; (b) the Treasurer shall not be under any obligation hereunder to perform any recordkeeping or to provide any other services, it being understood that such services shall be performed either by the Trustee, the Department or the Treasurer; and (c) none of the provisions of this Indenture shall require the Treasurer to expend or risk his own funds or to otherwise incur financial liability in the performance of any of his duties or in the exercise of any of his rights or powers hereunder, unless he shall first have been adequately indemnified to his satisfaction against the costs, expenses and liability which may be incurred thereby.

Section 11.05. Notices. Any notice, request, complaint, demand, communication or other paper shall be sufficiently given and shall be deemed given when delivered or mailed by registered or certified mail, postage prepaid, addressed to the parties as follows:

Treasurer: State Treasurer
State of Iowa
Capitol Building
Des Moines, Iowa 50319

Department: Iowa Department of Corrections
523 East 12th Street
Des Moines, Iowa 50319
Attention: Director

Trustee: Wells Fargo Bank, National Association
Attn: Corporate Trust Services
666 Walnut Street
MAC N8200-034
Des Moines, Iowa 50309

The above parties may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

Section 11.06. Treasurer and Department Officers. Whenever, under the provisions of this Indenture the approval of the Treasurer or the Department is required or the Treasurer or the Department is required to take some action at the request of the other or of the Trustee, such approval or action shall be given for the Treasurer by the Treasurer's Designee and for

the Department by a Department Officer, and any party hereto shall be authorized to act on any such approval or action and no party shall have any complaint against any other party as a result of any such action taken.

Section 11.07. Payments Due on Saturdays, Sundays and Holidays. In any case where the date of payment of principal of or interest on the Obligations or the date fixed for redemption of any Obligations shall be a Saturday or Sunday or a legal holiday in the city of payment or a day on which banking institutions are authorized by law to close in the city of payment, then payment of interest or principal shall be made on the succeeding Business Day with the same force and effect as if made on the Interest Payment Date or maturity or date fixed for redemption.

Section 11.08. Non-Impairment of Contract. This Indenture shall constitute a contract with the holders of the Obligations made, in part, for the purpose of securing, and inducing investors to buy, the Obligations and the Treasurer and the Department will take no action nor cause any action to be taken with respect to such contract which would contravene provisions of the United States Constitution and the Constitution of the State prohibiting the passage of laws impairing the obligations of contracts. The Treasurer and the Department will not amend this Indenture in any manner which would be adverse to the interests of the holders of the Obligations or which will have an adverse impact on the rating of the Obligations. The Treasurer and the Department shall give notice to all Rating Agencies of any material amendment to this Indenture.

Section 11.09. Counterparts. This 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 11.10. Applicable Provisions of Law. This Indenture shall be governed by and construed in accordance with the laws of the State.

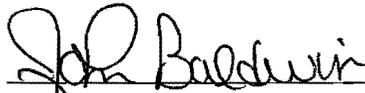
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IN WITNESS WHEREOF, the Treasurer and the Department, by its Director, have duly executed this Indenture on behalf of the State of Iowa; and the Trustee, to evidence its acceptance of the trusts created hereunder, has caused this Indenture to be executed in its name by its duly authorized officer and its corporate seal to be hereunto affixed and duly attested, all as of the day and year first above written.

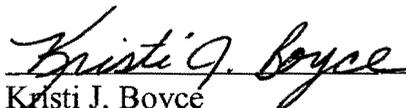
TREASURER OF THE STATE OF IOWA

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