

In the opinion of Barnes & Thornburg LLP, Indianapolis, Indiana ("Bond Counsel"), under existing law, interest on the 2008 B Bonds (as hereinafter defined) is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended and in effect on the date of issuance of the 2008 B Bonds. In the opinion of Bond Counsel, under existing law, interest on the 2008 B Bonds is exempt from income taxation in the State of Indiana for all purposes except the Indiana financial institutions tax. See "TAX MATTERS" and Appendix C.

\$84,317,740.20
INDIANA BOND BANK
SPECIAL PROGRAM BONDS
(CARMEL JUNIOR WATERWORKS PROJECT), SERIES 2008 B

\$63,770,000.00 2008 B Current Interest Bonds

\$20,547,740.20 Issued Amount 2008 B Capital Appreciation Bonds

Dated: Date of Delivery

Due as shown on the inside cover.

The Indiana Bond Bank (the "Bond Bank") will issue its Special Program Bonds (Carmel Junior Waterworks Project), Series 2008 B (the "2008 B Bonds") consisting of 2008 B Current Interest Bonds (the "2008 B Current Interest Bonds") and 2008 B Capital Appreciation Bonds (the "2008 B Capital Appreciation Bonds"). Interest on the 2008 B Current Interest Bonds will accrue at the rates per annum set forth on the inside cover and will be payable on June 1 and December 1 of each year commencing June 1, 2009. Interest on the 2008 B Capital Appreciation Bonds will accrete at the approximate rates per annum as shown on the inside cover and will be payable only at maturity. See the caption "THE 2008 B BONDS." The 2008 B Bonds are issuable only as fully registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). Purchases of beneficial interests in the 2008 B Bonds will be made in book-entry-only form, in the denomination of \$5,000 or any integral multiple thereof. Purchasers of beneficial interests in the 2008 B Bonds (the "Beneficial Owners") will not receive physical delivery of certificates representing their interests in the 2008 B Bonds. Interest on the 2008 B Current Interest Bonds, together with the principal of the 2008 B Current Interest Bonds, will be paid directly to DTC by Wells Fargo Bank NA, as trustee (the "Trustee") under the Indenture, as defined and described herein, so long as DTC or its nominee is the registered owner of the 2008 B Current Interest Bonds. The final disbursement of such payments to the Beneficial Owner of the 2008 B Current Interest Bonds will be the responsibility of the DTC Direct Participants and the Indirect Participants, all as defined and more fully described herein under "THE 2008 B BONDS Book-Entry-Only System."

The 2008 B Capital Appreciation Bonds are issuable as fully registered bonds in Maturity Amounts (as defined herein) of \$5,000 or any integral multiple thereof. The Maturity Amount of the 2008 B Capital Appreciation Bonds is payable at the corporate trust operations office of the Trustee under the Indenture. See the caption "THE 2008 B BONDS."

The 2008 B Bonds are authorized by a resolution adopted by the Board of Directors of the Bond Bank and are issued under and secured by the Indenture, all pursuant to the laws of the State of Indiana (the "State"), particularly Indiana Code 5-1.5 (the "Act"). The 2008 B Bonds are issued by the Bond Bank for the principal purposes of (1) providing funds for the purchase of securities of the 2008 B Qualified Entity (as defined and described herein); (2) paying the premium for a financial guaranty insurance policy to Financial Security Assurance Inc. (the "2008 B Bond Insurer"); and (3) paying other costs related to the issuance of the 2008 B Bonds, all as more fully described in this Official Statement. The principal of and interest on the 2008 B Bonds are payable from the proceeds of Qualified Obligation Payments (as defined herein) and other moneys held under the Indenture.

The scheduled payment of principal of (or, in the case of the 2008 B Capital Appreciation Bonds, the accreted value) and interest on the 2008 B Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the 2008 B Bonds by FINANCIAL SECURITY ASSURANCE INC. See "BOND INSURANCE" and Appendix F.



The 2008 B Current Interest Bonds are subject to optional and mandatory sinking fund redemption prior to maturity. The 2008 B Capital Appreciation Bonds are not subject to optional or mandatory sinking fund redemption. See the caption "THE 2008 B BONDS-Redemption."

The 2008 B Bonds are payable by the Bond Bank solely from the revenues and other funds of the Bond Bank pledged therefor under the Indenture. Such revenues and funds include payments by the 2008 B Qualified Entity on the 2008 B Qualified Obligations ("Qualified Obligation Payments"). See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS."

THE 2008 B BONDS AND THE INTEREST THEREON ARE LIMITED OBLIGATIONS OF THE BOND BANK PAYABLE SOLELY OUT OF THE REVENUES AND FUNDS OF THE BOND BANK PLEDGED THEREFOR UNDER THE INDENTURE, AS MORE FULLY DESCRIBED HEREIN. THE 2008 B BONDS AND THE INTEREST PAYABLE THEREON DO NOT CONSTITUTE A DEBT, LIABILITY OR LOAN OF THE CREDIT OF THE STATE OF INDIANA (THE "STATE") OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE 2008 B QUALIFIED ENTITY, UNDER THE CONSTITUTION AND LAWS OF THE STATE OR A PLEDGE OF THE FAITH, CREDIT OR TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE 2008 B QUALIFIED ENTITY. THE BOND BANK HAS NO TAXING POWER.

(A detailed maturity schedule is set forth on the inside cover)

The 2008 B Bonds are being offered, when, as and if issued by the Bond Bank and received by the Underwriters subject to prior sale, withdrawal or modification of the offer without notice, and to the approval of legality by Barnes & Thornburg LLP, Indianapolis, Indiana, as Bond Counsel. Certain legal matters will be passed on for the Bond Bank by its special General Counsel, Taft Stettinius & Hollister LLP, Indianapolis, Indiana, for the Underwriters by their counsel, Krieg DeVault LLP, Indianapolis, Indiana, and for the 2008 B Qualified Entity by its bond counsel, Bingham McHale LLP. It is expected that the 2008 B Bonds in definitive form will be available for delivery to DTC in New York, New York, on or about September 22, 2008.



J.J.B. HILLIARD, W.L. LYONS, LLC



This cover page contains certain information for quick reference only. It is not a summary of the issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision

The date of this Official Statement is September 16, 2008.

\$84,317,740.20

**INDIANA BOND BANK
SPECIAL PROGRAM BONDS
(CARMEL JUNIOR WATERWORKS PROJECT), SERIES 2008 B**

\$63,770,000.00 2008 B Current Interest Bonds

\$23,255,000.00 Serial 2008 B Current Interest Bonds

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price</u>	<u>CUSIP</u>
June 1, 2009	\$ 670,000	4.000%	101.260%	454624VC8
June 1, 2011	145,000	4.000%	103.481%	454624VE4
June 1, 2012	165,000	4.000%	103.963%	454624VF1
June 1, 2013	390,000	4.000%	104.342%	454624VG9
June 1, 2014	605,000	5.250%	110.694%	454624VH7
June 1, 2015	875,000	5.000%	109.687%	454624VJ3
June 1, 2016	1,175,000	5.500%	113.163%	454624VK0
June 1, 2017	1,515,000	5.000%	109.426%	454624VL8
June 1, 2018	1,870,000	5.000%	109.054%	454624VM6
June 1, 2019	2,265,000	5.000%	107.463%	454624VN4
June 1, 2020	2,685,000	5.000%	106.227%	454624VP9
June 1, 2021	3,145,000	4.125%	97.152%	454624VQ7
June 1, 2022	3,620,000	4.250%	97.359%	454624VR5
June 1, 2023	4,130,000	4.375%	98.028%	454624VS3

\$40,515,000.00 Term 2008 B Current Interest Bonds

\$12,135,000.00 4.875% Term Bonds due June 1, 2025, Yield 4.875% (CUSIP 454624VT1)

\$28,380,000.00 5.000% Term Bonds due June 1, 2028, Yield 5.000% (CUSIP 454624VU8)

\$20,677,342 2008 B Capital Appreciation Bonds

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Yield Rate</u>	<u>Price Per \$5,000</u>	<u>Maturity Amount</u>	<u>CUSIP</u>
June 1, 2029	\$3,617,252.20	5.610%	\$1,591.40	\$11,365,000.00	454624VV6
June 1, 2030	3,537,022.60	5.660%	1,489.90	11,870,000.00	454624VW4
June 1, 2031	3,447,049.50	5.720%	1,390.50	12,395,000.00	454624VX2
June 1, 2032	3,372,698.00	5.760%	1,302.20	12,950,000.00	454624VY0
June 1, 2033	3,313,361.70	5.780%	1,224.45	13,530,000.00	454624VZ7
June 1, 2034	3,260,356.20	5.790%	1,153.70	14,130,000.00	454624WA1

NO DEALER, BROKER, SALESPERSON OR OTHER PERSON HAS BEEN AUTHORIZED BY THE BOND BANK OR BY THE UNDERWRITER TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THIS OFFICIAL STATEMENT, AND, IF GIVEN OR MADE, SUCH OTHER INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY ANY OF THE FOREGOING. THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY, AND THERE SHALL NOT BE ANY SALE OF ANY OF THE SECURITIES DESCRIBED HEREIN BY ANY PERSON IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL FOR SUCH PERSON TO MAKE SUCH OFFER, SOLICITATION OR SALE. THE INFORMATION AND EXPRESSIONS OF OPINION HEREIN ARE SUBJECT TO CHANGE WITHOUT NOTICE AND NEITHER THE DELIVERY OF THIS OFFICIAL STATEMENT NOR ANY SALE SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE BOND BANK OR ANY OTHER PERSON SUBSEQUENT TO THE DATE AS OF WHICH SUCH INFORMATION IS PRESENTED.

OTHER THAN WITH RESPECT TO INFORMATION CONCERNING THE 2008 B BOND INSURER CONTAINED UNDER THE CAPTIONS "BOND INSURANCE" AND IN APPENDIX F, "SPECIMEN MUNICIPAL BOND INSURANCE POLICY" HEREIN, NONE OF THE INFORMATION IN THIS OFFICIAL STATEMENT HAS BEEN SUPPLIED OR VERIFIED BY THE 2008 B BOND INSURER AND THE 2008 B BOND INSURER MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO (I) THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION; (II) THE VALIDITY OF THE 2008 B BONDS; OR (III) THE TAX EXEMPT STATUS OF THE INTEREST ON THE 2008 B BONDS.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2008 B BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET, AND SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE 2008 B BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED. IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE BOND BANK AND THE TERMS OF THE OFFERING. NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THE BONDS OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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OFFICIAL STATEMENT

\$84,317,740.20
INDIANA BOND BANK
SPECIAL PROGRAM BONDS
(CARMEL JUNIOR WATERWORKS PROJECT), SERIES 2008 B

\$63,770,000.00
2008 B Current Interest Bonds

\$20,547,740.20 Issued Amount
2008 B Capital Appreciation Bonds

INTRODUCTION

The purpose of this Official Statement, including the cover page, the inside cover page, the other preliminary pages and the appendices, is to set forth certain information concerning the issuance and sale by the Indiana Bond Bank (the “Bond Bank”) of its Special Program Bonds, (Carmel Junior Waterworks Project), Series 2008 B (the “2008 B Bonds”) consisting of 2008 B Current Interest Bonds (the “2008 B Current Interest Bonds”) and 2008 B Capital Appreciation Bonds (the “2008 B Capital Appreciation Bonds”). The 2008 B Bonds are authorized by a resolution adopted by the Board of Directors of the Bond Bank on August 27, 2008, and are issued under and secured by a Trust Indenture, dated as of September 1, 2008 (the “Indenture”), between the Bond Bank and Wells Fargo Bank NA, as trustee, registrar and paying agent (the “Trustee”), all pursuant to the laws of the State of Indiana (the “State”), particularly Indiana Code, Title 5-1.5, as amended from time to time (the “Act”).

Use of Proceeds of the 2008 B Bonds

The Bond Bank will purchase the City of Carmel, Indiana Junior Waterworks Revenue Bonds of 2008, Series A (the “2008 B Qualified Obligations”) issued by the City of Carmel, Indiana (the “2008 B Qualified Entity”) pursuant to Ordinance D-1887-08 (As Amended) adopted on July 7, 2008 (“2008 B Qualified Entity Bond Ordinance”) by the City of Carmel, Indiana Common Council (the “Council”), which is authorized under Indiana law to issue the 2008 B Qualified Obligations to finance and refinance improvements to the Waterworks (as set forth in more detail in the 2008 B Qualified Entity Bond Ordinance). The proceeds from the sale of the 2008 B Bonds will be used (i) to purchase the 2008 B Qualified Obligations of the 2008 B Qualified Entity; (ii) pay the premium for a municipal bond insurance policy to Financial Security Assurance Inc. (the “2008 B Bond Insurer”); and (iii) to pay all or a portion of the costs of issuance of the 2008 B Bonds. On or before the issue date of the 2008 B Bonds, the Bond Bank will have entered into a Qualified Entity Purchase Agreement (“Purchase Agreement”) with the 2008 B Qualified Entity governing the terms for the purchase of the 2008 B Qualified Obligations of the 2008 B Qualified Entity.

Security and Sources of Payment for the 2008 B Bonds

The 2008 B Bonds will be issued under and secured by the Indenture. The 2008 B Bonds are limited obligations of the Bond Bank payable solely out of and secured by the Trust Estate (as described below). Neither the faith, credit nor taxing power of the State or any political subdivision thereof, including the 2008 B Qualified Entity, is pledged to the payment of the

principal of or interest on the 2008 B Bonds. The 2008 B Bonds and the interest payable on them are not a debt, liability or loan of the credit of the State or any political subdivision thereof, including the 2008 B Qualified Entity. The Bond Bank has no taxing power and has only those powers and sources of revenue set forth in the Act. The 2008 B Bonds are issued and secured separately from all other obligations issued by the Bond Bank. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2008 B BONDS.”

The 2008 B Bonds are secured by the pledge of the Trust Estate established under the Indenture (the “Trust Estate”), which includes (a) all right, title and interest of the Bond Bank in, to and under the Purchase Agreement and the 2008 B Qualified Obligations; (b) all right, title and interest in any and all other property, real, personal or mixed, from time to time conveyed, mortgaged, pledged, assigned or transferred as additional security under the Indenture by the Bond Bank or by anyone on behalf of the Bond Bank; (c) the proceeds from the sale of the 2008 B Bonds; and (d) all revenues held in the Funds and Accounts under the Indenture (except the Rebate Fund). All 2008 B Bonds will be secured equally and ratably by all of the foregoing.

The scheduled payment of principal of (or, in the case of the 2008 B Capital Appreciation Bonds, the accreted value) and interest on the 2008 B Bonds when due will be guaranteed under an insurance policy (the “Bond Insurance Policy”) to be issued concurrently with the delivery of the 2008 B Bonds, by Financial Security Assurance Inc. (the “2008 B Bond Insurer”). See “BOND INSURANCE” and Appendix F, Specimen Municipal Bond Insurance Policy.

The principal source of payment on the 2008 B Bonds will be the principal and interest payments received by the Bond Bank from the 2008 B Qualified Entity under the 2008 B Qualified Obligations. The principal of and interest on the 2008 B Qualified Obligations are payable from the Qualified Entity’s Sinking Fund created by the 2008 B Qualified Entity Bond Ordinance to be funded from Net Revenues (defined in the 2008 B Qualified Entity Bond Ordinance as the gross revenues remaining after the payment of reasonable expenses of operation, repair and maintenance) of the Waterworks (as defined in the 2008 B Qualified Entity Bond Ordinance) and a debt service reserve fund for the 2008 B Qualified Obligations funded by a Debt Service Reserve Fund Credit Facility issued by Financial Security Assurance Inc. See Appendix A.

The Bond Bank

The Bond Bank is a separate body corporate and politic, constituting an instrumentality of the State for the public purposes set forth in the Act. The Bond Bank is not an agency of the State, but is separate from the State in its corporate and sovereign capacity and has no taxing power. The Bond Bank is governed by a Board of seven Directors, including the Treasurer of the State, who serves as Chairman Ex Officio, and the Public Finance Director of the Indiana Finance Authority, who serves as a Director Ex Officio and five additional Directors, each appointed by the Governor of the State.

Under separate trust indentures and other instruments authorized under the Act, the Bond Bank has previously issued and had outstanding as of September 1, 2008, an aggregate principal amount of approximately \$2,825,435,000 in separate program obligations. Additionally, as of the date of this Official Statement, the Bond Bank is considering undertaking other types of

financing for qualified entities for purposes authorized by and in accordance with the procedures set forth in the Act. The obligations issued by the Bond Bank in connection with any and all such financings, if any, will be secured separately from the Notes and will not constitute Notes under the Indenture or for purposes of this Official Statement.

The Act

Pursuant to the Act, the purpose of the Bond Bank is to assist “qualified entities,” defined in the Act to include political subdivisions, as defined in Indiana Code 36-1-2-13, leasing bodies, as defined in Indiana Code 5-1-1-1(a), any commissions, authorities or authorized bodies of any qualified entity, and any organizations, associations or trusts with members, participants or beneficiaries that are all individually qualified entities. The Bond Bank provides such assistance through programs of, among other things, purchasing the bonds or evidences of indebtedness of such qualified entities. Under the Act, “qualified entities” include entities such as cities, towns, counties, other political subdivisions, school corporations, library corporations, special taxing districts, commissions, authorities and instrumentalities of the State and nonprofit corporations and associations which lease facilities or equipment to such entities. The City of Carmel, Indiana is a “qualified entity” within the meaning of the Act.

The Official Statement; Additional Information

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

The information contained under the caption “INTRODUCTION” is qualified by reference to this entire Official Statement, including the Appendices hereto. This introduction is only a brief description and a full review should be made of this entire Official Statement, including the appendices hereto, as well as the documents summarized or described in this Official Statement. The summaries of and references to all documents, statutes and other instruments referred to in this Official Statement do not purport to be complete and are qualified in their entirety by reference to the full text of each such document, statute or instrument. Certain terms used in this Official Statement are defined in Appendix D. Capitalized terms not defined in this Official Statement shall have the respective definitions assigned to them in the Indenture.

Information contained in this Official Statement with respect to the Bond Bank and the 2008 B Qualified Entity and copies of the Indenture, the 2008 B Qualified Entity Bond Ordinance and the Purchase Agreement may be obtained from the Indiana Bond Bank, 2980 Market Tower, 10 West Market Street, Indianapolis, Indiana 46204. The Bond Bank’s telephone number is (317) 233-0888.

It is the Bond Bank’s current policy to provide its financial statements to the holders of its obligations, including the 2008 B Bonds, upon written request. In addition, certain other information concerning the Bond Bank is available to the Trustee and holders of the 2008 B Bonds pursuant to the Indenture. See “CONTINUING DISCLOSURE.”

THE 2008 B BONDS

General Description

The 2008 B Bonds are issuable under the Indenture as fully registered bonds in denominations of \$5,000 or any integral multiple thereof. The 2008 B Current Interest Bonds will be issued in the aggregate principal amount of \$63,770,000.00, and will mature and bear interest as set forth on the inside cover page of this Official Statement. The 2008 B Capital Appreciation Bonds will be issued in the aggregate issued amount of \$20,547,740.20, and will mature and interest will accrete at the approximate rates per annum as set forth on the inside cover page of this Official Statement.

2008 B Current Interest Bonds. The 2008 B Current Interest Bonds will carry an original issue date dated the date of delivery, will bear interest from the date thereof payable on June 1 and December 1 of each year commencing June 1, 2009 and will mature on June 1 in the years and in the amounts and bear interest at the rates set forth on the inside cover of this Official Statement.

When issued, all of the 2008 B Current Interest Bonds will be registered in the name of and held by Cede & Co., as nominee for The Depository Trust Company (“DTC”). Purchasers of beneficial interests from DTC in the 2008 B Current Interest Bonds will be made in book-entry only form (without certificates). For so long as the 2008 B Current Interest Bonds are registered in the name of DTC or its nominee, payments of the principal of, premium, if any, and interest on the 2008 B Current Interest Bonds will be made by the Trustee only directly to DTC or its nominee. Interest on the 2008 B Current Interest Bonds will be paid on each Interest Payment Date by wire transfer to DTC or its nominee. Principal will be paid to DTC or its nominee by wire transfer of funds upon presentation and surrender of the 2008 B Current Interest Bonds at the principal office of the Trustee. Neither the Bond Bank nor the Trustee will have any responsibility for the Beneficial Owner’s receipt from DTC or its nominee, or from any DTC Direct Participant or Indirect Participant, of any payments of principal or interest on the 2008 B Current Interest Bonds such payments being the sole responsibility of DTC or its nominee and the ultimate disbursement of such payments to the Beneficial Owners of the 2008 B Current Interest Bonds will be the responsibility of the DTC Direct Participants and the DTC Indirect Participants, as defined herein. See “THE 2008 B BONDS – Book-Entry-Only System.”

If the 2008 B Current Interest Bonds are no longer registered in the name of DTC or its nominee, or any other clearing agency, interest on the 2008 B Current Interest Bonds will be payable semiannually on June 1 and December 1 of each year, commencing on the first Interest Payment Date after the 2008 B Current Interest Bonds are no longer so registered by check issued by the Paying Agent dated the due date and mailed one Business Day prior to each Interest Payment Date to the registered Owners as of the close of business on the most recent Record Date or by wire transfer to Owners of \$1,000,000 or more in principal amount of the 2008 B Current Interest Bonds upon written request of such owners. Principal will be payable on the maturity date of such 2008 B Current Interest Bond upon presentation of the 2008 B Current Interest Bond at the principal corporate trust office of the Trustee.

2008 B Capital Appreciation Bonds. The 2008 B Capital Appreciation Bonds will be dated as of and will bear interest from the date of issuance. Interest on the 2008 B Capital Appreciation Bonds will accrete at the approximate rates per annum set forth on the inside cover of this Official Statement and will be paid only on the respective maturity dates thereof. The accreted value (the “Accreted Value”) of each Capital Appreciation Bond will equal the original principal amount of such Capital Appreciation Bond plus the interest accrued on such Capital Appreciation Bond from the date of original issuance of such Capital Appreciation Bond to the June 1 or December 1 next preceding the date of computation (or the date of computation if such computation date is June 1 or December 1), plus, if such date of computation is not a June 1 or December 1, a pro rata portion of the difference between the Accreted Value as of the immediately preceding June 1 or December 1 (or the date of original issuance if the date of computation is prior to the first June 1 or December 1 following the date of issuance of such Capital Appreciation Bond) and the Accreted Value as of the immediately succeeding June 1 or December 1, calculated based upon the assumption that Accreted Value accrues in equal daily amounts on the basis of a 360-day year comprised of twelve 30-day months. The Accreted Value of the 2008 B Capital Appreciation Bonds upon maturity (the “Maturity Amount”) and other valuation dates is set forth in Appendix E, “TABLE OF ACCRETED VALUES OF 2008 B CAPITAL APPRECIATION BONDS.”

When issued, all of the 2008 B Capital Appreciation Bonds will be registered in the name of and held by Cede & Co., as nominee for The Depository Trust Company (“DTC”). Purchasers of beneficial interests from DTC in the 2008 B Capital Appreciation Bonds will be made in book-entry only form (without certificates). For so long as the 2008 B Capital Appreciation Bonds are registered in the name of DTC or its nominee, payments of the principal of, premium, if any, and interest on the 2008 B Capital Appreciation Bonds will be made by the Trustee only directly to DTC or its nominee. Accreted Value will be paid to DTC or its nominee by wire transfer of funds upon presentation and surrender of the 2008 B Capital Appreciation Bonds at the principal office of the Trustee. Neither the Bond Bank nor the Trustee will have any responsibility for the Beneficial Owner’s receipt from DTC or its nominee, or from any DTC Direct Participant or Indirect Participant, of any payments of principal or interest on the 2008 B Capital Appreciation Bonds such payments being the sole responsibility of DTC or its nominee and the ultimate disbursement of such payments to the Beneficial Owners of the 2008 B Capital Appreciation Bonds will be the responsibility of the DTC Direct Participants and the DTC Indirect Participants, as defined herein. See “THE 2008 B BONDS – Book-Entry-Only System.”

The Maturity Amounts of the 2008 B Capital Appreciation Bonds will be paid to the registered owner thereof upon presentation and surrender thereof at the corporate trust operations office of the Trustee in Minneapolis, Minnesota.

The 2008 B Capital Appreciation Bonds are subject to greater market volatility than traditional bonds that have semiannual interest payments. An investor who purchases a Capital Appreciation Bond and holds it until maturity receives an amount equal to the initial investment plus the interest that has accrued. An investor who sells a Capital Appreciation Bond prior to maturity, at a time when interest rates are generally higher than at the time such Capital Appreciation Bond was purchased, may realize a loss on the investment. The 2008 B Capital Appreciation Bonds are intended, therefore, as a long-term investment. Prospective purchasers of 2008 B Capital Appreciation Bonds who believe they may have to sell their 2008 B Capital

Appreciation Bonds prior to maturity should consider the market risk associated with the 2008 B Capital Appreciation Bonds. It is particularly important for first-time buyers of such securities to review the suitability of 2008 B Capital Appreciation Bonds with a bank, broker or dealer qualified in accordance with the rules of the Municipal Securities Rulemaking Board.

Optional Redemption

The 2008 B Current Interest Bonds maturing on, or after, June 1, 2019 are subject to optional redemption prior to maturity on and after June 1, 2018 at par. The 2008 B Capital Appreciation Bonds are **not** subject to optional redemption prior to maturity.

Mandatory Redemption

The 2008 B Current Interest Bonds (or any portions thereof in integral multiples of \$5,000 each) maturing on June 1, 2025, and June 1, 2028 (the “2008 B Term Bonds”), are also subject to mandatory sinking fund redemption prior to their maturity date at a redemption price equal to the principal amount of such 2008 B Term Bonds, plus accrued interest on June 1 of each year as shown in the following table:

2008 B Term Bonds Due June 1, 2025

<u>Mandatory Sinking Fund Redemption Date</u>	<u>Principal Amount</u>
June 1, 2024	\$5,730,000
June 1, 2025*	6,405,000

*Final Maturity

2008 B Term Bonds Due June 1, 2028

<u>Mandatory Sinking Fund Redemption Date</u>	<u>Principal Amount</u>
June 1, 2026	\$ 8,575,000
June 1, 2027	9,440,000
June 1, 2028*	10,365,000

*Final Maturity

Under the Indenture, selection of 2008 B Term Bonds to be redeemed will be made by lot by the Trustee. In accordance with DTC’s standard practices and its agreement with the Bond Bank, DTC and the Direct Participants will make this selection so long as the 2008 B Current Interest Bonds are in book entry form. The principal amount of 2008 B Term Bonds to be redeemed on each date set forth above will be subject to reduction by the principal amount of any such 2008 B Term Bonds of the same maturity which, not less than 45 days prior to a sinking fund redemption date, have been theretofore surrendered to or purchased by the Trustee

for cancellation and canceled, all in accordance with the Indenture. The principal amount of any 2008 B Term Bonds so surrendered and canceled in excess of the principal amount scheduled for redemption in any one year will be credited against future redemption obligations and the principal amounts of 2008 B Term Bonds subject to sinking fund redemption at such times will be accordingly reduced.

The 2008 B Capital Appreciation Bonds are **not** subject to mandatory sinking fund redemption.

Cash Flow Certificate

Prior to any optional redemption of any 2008 B Current Interest Bonds, the Bond Bank will be required under the Indenture to deliver or to cause to be delivered to the Trustee a Cash Flow Certificate (as defined in the Indenture) to the effect that, giving effect to such redemption, Revenues expected to be received, together with moneys expected to be held in the Funds and Accounts, will at least equal debt service on all Outstanding Bonds along with Program Expenses, if any.

Notice of Redemption

Notice of any redemption, identifying the 2008 B Current Interest Bonds to be redeemed, will be given by the Trustee at least 30 days but not more than 45 days prior to the Redemption Date by mailing a copy of the redemption notice by registered or certified mail to the registered Owner of each Bond to be redeemed at the address shown on the Bond Register.

For so long as the 2008 B Current Interest Bonds are registered in the name of DTC or its nominee, the Trustee will send notices of redemption of 2008 B Current Interest Bonds only to DTC or its nominee, in accordance with the preceding paragraph. Neither the Bond Bank nor the Trustee will have any responsibility for any Beneficial Owner's receipt from DTC or its nominee, or from any DTC Direct Participant or Indirect Participant, of any notices of redemption. See "THE 2008 B BONDS – Book-Entry-Only System."

Redemption Payments

Prior to the date fixed for redemption, there must be on deposit with the Trustee sufficient funds to pay the redemption price of the 2008 B Current Interest Bonds subject to redemption, together with the accrued interest on the 2008 B Current Interest Bonds to the redemption date. After the redemption date, if sufficient funds have been deposited with the Trustee, interest will cease to accrue on the 2008 B Current Interest Bonds that have been called for redemption.

For so long as the 2008 B Current Interest Bonds are registered in the name of DTC or its nominee, redemption payments on the 2008 B Current Interest Bonds will be paid by the Trustee only to DTC or its nominee, in accordance with the preceding paragraph. Neither the Bond Bank nor the Trustee will have any responsibility for any Beneficial Owner's receipt from DTC or its nominee, or from any DTC Direct Participant or Indirect Participant, of any redemption payments on any 2008 B Current Interest Bonds. See "THE 2008 B BONDS – Book-Entry-Only System."

Selection of 2008 B Current Interest Bonds for Redemption

If fewer than all of the 2008 B Current Interest Bonds are to be redeemed, the 2008 B Current Interest Bonds will be redeemed only in whole multiples of \$5,000. For purposes of redemption, each \$5,000 of principal will be considered as a Bond. If fewer than all of the 2008 B Current Interest Bonds will be called for redemption, the principal amount and maturity of the particular 2008 B Current Interest Bonds to be redeemed will be selected by the Bond Bank. The Trustee will select the particular 2008 B Current Interest Bonds to be redeemed by lot within a maturity in such manner as the Trustee may determine.

For so long as the 2008 B Current Interest Bonds are registered in the name of DTC or its nominee, the Trustee will select for redemption only 2008 B Current Interest Bonds or portions thereof registered in the name of DTC or its nominee, in accordance with the preceding paragraph. Neither the Bond Bank nor the Trustee will have any responsibility for selecting for redemption any Beneficial Owner's interests in the 2008 B Current Interest Bonds. See "THE 2008 B BONDS – Book-Entry-Only System."

Exchange and Transfer

The 2008 B Bonds may be transferred or exchanged at the principal corporate trust office of the Trustee, to the extent and upon the conditions set forth in the Indenture, including the payment of a sum sufficient to cover any tax or other governmental charge for any such transfer or exchange that may be imposed upon the Bond Bank or the Trustee.

If any Bond is mutilated, lost, stolen or destroyed, the Bond Bank may issue and the Trustee may authenticate a new Bond in accordance with the provisions therefore in the Indenture including an indemnity satisfactory to both, and the Bond Bank and the Trustee may charge the holder or Owner of such 2008 B Bonds for its reasonable fees and expenses in connection therewith, including the cost of having a replacement Bond printed.

For so long as the 2008 B Bonds are registered in the name of DTC or its nominee, the Trustee will transfer and exchange 2008 B Bonds only on behalf of DTC or its nominee, in accordance with the preceding paragraph. Neither the Bond Bank, nor the Trustee will have any responsibility for transferring or exchanging any Beneficial Owner's interests in the 2008 B Current Interest Bonds. See "THE 2008 B BONDS – Book-Entry-Only System."

Book-Entry-Only System

DTC will act as securities depository for the 2008 B Bonds. The 2008 B Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each maturity of the 2008 B Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds \$500 million, one Note certificate will be issued with respect to each \$500 million of principal amount, and an additional Note certificate will be issued with respect to any remaining principal amount of such issue.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions, in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of the Depository Trust and Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, FICC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange, LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of the 2008 B Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2008 B Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the beneficial Owner entered into the transaction. Transfers of ownership interests in the 2008 B Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 2008 B Bonds, except in the event that use of the book-entry system for the 2008 B Bonds is discontinued.

To facilitate subsequent transfers, all 2008 B Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2008 B Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2008 B Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2008 B Bonds are credited, which may or may not be the Beneficial Owners. The Direct or Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices will be sent to DTC. If less than all of the 2008 B Current Interest Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2008 B Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Bond Bank as soon as possible after the Record Date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2008 B Bonds are credited on the Record Date (identified in a listing attached to the Omnibus Proxy).

Principal, redemption premium, if any and interest payments on the 2008 B Current Interest Bonds and principal and accreted value of the 2008 B Capital Appreciation Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Bond Bank or the Trustee on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Bond Bank, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium redemption, if any and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Bond Bank or the Trustee, disbursements of such payments to Direct Participants will be the responsibility of DTC, and disbursements of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2008 B Bonds at any time by giving reasonable notice to the Bond Bank or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Bond Certificates are required to be printed and delivered.

The Bond Bank may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depositor). In that event, Bond Certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Bond Bank believes to be reliable, but the Bond Bank takes no responsibility for the accuracy thereof.

Revision of Book-Entry-Only System

In the event that either (i) the Bond Bank receives notice from DTC to the effect that DTC is unable or unwilling to discharge its responsibilities as a clearing agency for the 2008 B Bonds or (ii) the Bond Bank elects to discontinue its use of DTC as a clearing agency for the 2008 B Bonds, then the Bond Bank and the Trustee will do or perform or cause to be done or performed all acts or things, not adverse to the rights of the holders of the 2008 B Bonds, as are necessary or appropriate to discontinue use of DTC as a clearing agency for the 2008 B Bonds, and to transfer the ownership of each of the 2008 B Bonds, in accordance with the Indenture. See “—Payment of the 2008 B Bonds” and “—Transfer or Exchange of the 2008 B Bonds” in this section.

Payment of the 2008 B Bonds

If DTC or its nominee is not the registered owner of the 2008 B Bonds, the principal of and interest on the 2008 B Bonds and the principal and accreted value of the 2008 B Bonds is payable to the registered Owner thereof or his assignee upon maturity at the principal corporate trust office of the Trustee. Payment will be made in such coin or currency of the United States of America as, at the respective times of payment, is legal tender for the payment of public and private debts.

SECURITY AND SOURCES OF PAYMENT FOR THE 2008 B BONDS

The 2008 B Bonds are limited obligations of the Bond Bank payable only out of the Trust Estate. The Indenture creates a continuing pledge of and lien upon the Trust Estate to secure the full and final payment of the principal of, and interest on, all of the 2008 B Bonds. The 2008 B Bonds and the interest on them do not constitute a debt, liability or loan of the credit of the State or any political subdivision thereof, including the 2008 B Qualified Entity, under the constitution and laws of the State or a pledge of the faith, credit or taxing power of the State or any political subdivision thereof, including the 2008 B Qualified Entity. The Bond Bank has no taxing power and has only those powers and sources of revenue set forth in the Act and the Indenture. The 2008 B Bonds are issued and secured separately from any other obligations issued by the Bond Bank. The sources of payment and security for the 2008 B Bonds are more fully described below.

Under the Indenture, the 2008 B Bonds are secured by a pledge to the Trustee of the Trust Estate, which includes (a) all right, title and interest of the Bond Bank in, to and under the 2008 B Qualified Obligations to be acquired by the Bond Bank under the Purchase Agreement; (b) all right, title and interest in any and all other property, real, personal or mixed, from time to time conveyed, mortgaged, pledged, assigned or transferred as additional security under the Indenture by the Bond Bank or by anyone on behalf of the Bond Bank; (c) the proceeds from the sale of the 2008 B Bonds; and (d) all revenues held in the Funds and Accounts under the Indenture (except the Rebate Fund). The payments with respect to the 2008 B Qualified Obligations have been structured, as of the date of issuance of the 2008 B Bonds, to be sufficient along with earnings thereon, and other money in the Funds and Accounts under the Indenture and the earnings thereon, to pay the principal of and interest on the 2008 B Bonds when due.

The 2008 B Qualified Entity and the 2008 B Qualified Obligations

From the proceeds of the 2008 B Bonds, the Bond Bank intends to purchase and, upon purchase, will pledge the 2008 B Qualified Obligations to the Trustee. The 2008 B Qualified Obligations were authorized by the 2008 B Qualified Entity Bond Ordinance and are payable from the 2008 B Qualified Entity's Sinking Fund created by the 2008 B Qualified Entity Bond Ordinance to be funded from Net Revenues (defined in the 2008 B Qualified Entity Bond Ordinance as the gross revenues remaining after the payment of reasonable expenses of operation, repair and maintenance) of the Waterworks (as defined in the 2008 B Qualified Entity Bond Ordinance) and a debt service reserve fund for the 2008 B Qualified Obligations funded by a Debt Service Reserve Fund Credit Facility issued by Financial Security Assurance Inc.

Certain information related to the 2008 B Qualified Entity and the 2008 B Qualified Obligations is set forth in Appendix A and Appendix B. On or before the date of the issuance of the 2008 B Bonds, the Bond Bank will enter into the Purchase Agreement with the 2008 B Qualified Entity to purchase the 2008 B Qualified Obligations.

Enforcement of 2008 B Qualified Obligations

As the owner of the 2008 B Qualified Obligations, the Bond Bank has available to it all remedies available to owners or holders of securities issued by the 2008 B Qualified Entity. The Act provides that, upon the sale and delivery of any 2008 B Qualified Obligations to the Bond Bank, the 2008 B Qualified Entity is deemed to have agreed that all statutory defenses to nonpayment are waived if such 2008 B Qualified Entity fails to pay principal of, or interest on, such 2008 B Qualified Obligations when due.

The Bond Bank is obligated under the Indenture to avail itself of all remedies and provisions of law applicable in the circumstances, and the failure to exercise any right or remedy within a time or period provided by law may not, according to the Act, be raised as a defense by the 2008 B Qualified Entity.

Further, the 2008 B Qualified Entity has agreed under the Purchase Agreement to report to the Bond Bank on its compliance with certain covenants which the 2008 B Qualified Entity has made regarding various actions and conditions necessary to preserve the tax exempt status of interest paid on the 2008 B Qualified Obligations. See "TAX MATTERS." The Bond Bank has also determined to consult with the 2008 B Qualified Entity, as necessary from time to time, with regard to the action needed to be taken by the 2008 B Qualified Entity to preserve the exclusion of the interest on the 2008 B Bonds from the gross income of the holders of the 2008 B Bonds for federal income tax purposes.

The Bond Bank will monitor the compliance and consult regularly with the 2008 B Qualified Entity with respect to its requirements under the 2008 B Qualified Obligations, including the making of Qualified Obligation Payments to the Bond Bank.

No Debt Service Reserve Fund for 2008 B Bonds

Under the Indenture, no debt service reserve fund is required and none will be established or maintained for the 2008 B Bonds.

Additional Bonds

Under the Indenture, one or more series of Additional Bonds of the Bond Bank may be issued on a parity with the 2008 B Bonds and all other bonds issued under the Indenture, upon meeting certain conditions, without limitations as to amount and at any time, for the purpose of paying (i) interest on the 2008 B Bonds, (ii) costs of issuance, (iii) purchasing additional qualified obligations issued for the purpose of providing funds for completion or expansion of the Project and (iv) refunding outstanding 2008 B Bonds. The proceeds of any Additional Bonds will be applied as provided in an indenture supplemental to or amendatory of the Indenture authorizing such Additional Bonds.

AGREEMENT WITH THE STATE

Under the Act, the State has pledged to and agreed with the owners of the bonds or notes of the Bond Bank, including the 2008 B Bonds, not to limit or restrict the rights vested in the Bond Bank by the Act to fulfill the terms of any agreements made with the owners of such bonds or notes or in any way impair the rights or remedies of such owners until the bonds and notes, together with interest thereon, and interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceeding by or on behalf of such owners are fully met, paid and discharged.

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the 2008 B Bonds, Financial Security Assurance Inc. (“Financial Security”) will issue its Municipal Bond Insurance Policy for the 2008 B Bonds (the “Policy”). The Policy guarantees the scheduled payment of principal of (or, in the case of the 2008 B Capital Appreciation Bonds, the accreted value) and interest on the 2008 B Bonds when due as set forth in the form of the Policy included as an exhibit to this Official Statement.

This Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Financial Security Assurance Inc.

Financial Security is a New York domiciled financial guaranty insurance company and a wholly owned subsidiary of Financial Security Assurance Holdings Ltd. (“Holdings”). Holdings is an indirect subsidiary of Dexia, S.A., a publicly held Belgian corporation, and of Dexia Credit Local S.A., a direct wholly-owned subsidiary of Dexia, S.A. Dexia, S.A., through its bank subsidiaries, is primarily engaged in the business of public finance, banking and asset management in France, Belgium and other European countries. No shareholder of Holdings or Financial Security is liable for the obligations of Financial Security.

At June 30, 2008, Financial Security's consolidated policyholders' surplus and contingency reserves were approximately \$2,474,294,855 and its total net unearned premium reserve was approximately \$2,618,981,067 in accordance with statutory accounting principles. At June 30, 2008, Financial Security's consolidated shareholder's equity was approximately \$2,742,778,534 and its total net unearned premium reserve was approximately \$2,065,001,822 in accordance with generally accepted accounting principles.

Portions of the following documents filed by Holdings with the Securities and Exchange Commission ("SEC") that relate to Financial Security are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

- (i) Annual Report of Holdings on Form 10-K for the year ended December 31, 2007, and
- (ii) Quarterly Report of Holdings on Form 10-Q for the quarter ended March 31, 2008, and
- (iii) Quarterly Report of Holdings on Form 10-Q for the quarter ended June 30, 2008, and
- (iv) Current Report of Holdings on Form 8-K filed on August 6, 2008.

All information relating to Financial Security included in, or as exhibits to, documents filed by Holdings pursuant to Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at <http://www.sec.gov> or at Holding's website at <http://www.fsa.com> or will be provided upon request to Financial Security Assurance Inc.: 31 West 52nd Street, New York, New York 10019, Attention: Communications Department (telephone (212) 826-0100).

Any information regarding Financial Security included herein under the captions "BOND INSURANCE – Financial Security Assurance Inc." and "– Recent Events Regarding FSA's Ratings" or included in a document incorporated by reference herein (collectively, the "Financial Security Information") shall be modified or superseded to the extent that any subsequently included Financial Security Information (either directly or through incorporation by reference) modifies or supersedes such previously included Financial Security Information. Any Financial Security Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

The Policy does not protect investors against changes in market value of the 2008 B Bonds, which market value may be impaired as a result of changes in prevailing interest rates, changes in applicable ratings or other causes. Financial Security makes no representation regarding the 2008 B Bonds or the advisability of investing in the 2008 B Bonds. Financial Security makes no representation regarding the Official Statement, nor has it participated in the preparation thereof, except that Financial Security has provided to the Issuer the information presented under this caption for inclusion in the Official Statement.

Recent Events Regarding FSA's Ratings

On August 6, 2008, Standard & Poor's Ratings Services revised its outlook on Financial Security to negative from stable, and affirmed Financial Security's "AAA" claims paying rating.

On August 6, 2008, Fitch Ratings affirmed Financial Security's "AAA"/Stable insurer financial strength rating.

On July 21, 2008, Moody's Investors Service, Inc. ("Moody's") placed Financial Security's "Aaa" insurance financial strength ratings on review for possible downgrade due to concerns regarding elevated risks with the financial guaranty insurance market and within Financial Security's insured portfolio. Moody's noted that, while the outcome of the review is uncertain at this time, a downgrade of Financial Security's insurance financial strength rating below "Aa2" is currently seen as unlikely.

These ratings reflect only the views of the respective rating agencies, are not recommendations to buy, sell or hold securities and are subject to revision or withdrawal at any time by those rating agencies. See "Ratings."

RISK FACTORS

Purchasers of the 2008 B Bonds are advised of certain risk factors with respect to the delivery and payment of the 2008 B Qualified Obligations by the 2008 B Qualified Entity, and delivery and payment of the 2008 B Bonds. This discussion is not intended to be all-inclusive, and other risks may also be present.

Sources of Payment for the 2008 B Bonds

The ability of the Bond Bank to pay principal of, and interest on, the 2008 B Bonds depends primarily upon the receipt by the Bond Bank of payments pursuant to the 2008 B Qualified Obligations, including interest at the rates provided therein, from the 2008 B Qualified Entity which is obligated to make such payments to the Bond Bank, together with earnings on the amounts in the Funds and Accounts sufficient to make such payments.

The principal sources of payment of the 2008 B Qualified Obligations will be the 2008 B Qualified Entity's Sinking Fund created by the 2008 B Qualified Entity Bond Ordinance to be funded from Net Revenues (defined in the 2008 B Qualified Entity Bond Ordinance as the gross revenues remaining after the payment of reasonable expenses of operation, repair and maintenance) of the Waterworks (as defined in the 2008 B Qualified Entity Bond Ordinance) and a debt service reserve fund for the 2008 B Qualified Obligations funded by a Debt Service Reserve Fund Credit Facility issued by Financial Security Assurance Inc. Except for the payments on the 2008 B Qualified Obligations there is no source of funds which is required to make up for any deficiencies in the event of one or more defaults by the 2008 B Qualified Entity in such payments on the 2008 B Qualified Obligations. There can be no representation or assurance that the 2008 B Qualified Entity will have sufficient funds available to make its required payments on the 2008 B Qualified Obligations. For a description of procedures for providing for the payment of 2008 B Qualified Obligations, see the captions "SECURITY AND SOURCES OF PAYMENT FOR THE 2008 B BONDS — "The 2008 B Qualified Entity and the 2008 B Qualified Obligations" and "Enforcement of 2008 B Qualified Obligations."

Tax Exemption

The Bond Bank has covenanted under the Indenture to take all qualifying actions and not to fail to take any qualifying actions required to assure the continuing exclusion of interest on the 2008 B Bonds from gross income for federal income tax purposes. Failure by the Bond Bank to comply with such covenants could cause the interest on the 2008 B Bonds to be taxable retroactive to the date of issuance. Also, in connection with the purchase of the 2008 B Qualified Obligations, the Bond Bank will receive an opinion of Bingham McHale LLP, to the effect that, conditioned upon continuing compliance by the 2008 B Qualified Entity with certain covenants made in connection with the issuance of the 2008 B Qualified Obligations, the interest on the 2008 B Qualified Obligations is excludable from the gross income of the holder thereof for federal income tax purposes under existing law. However, the interest on such 2008 B Qualified Obligations could become taxable if the 2008 B Qualified Entity fails to comply with certain of such covenants, including, without limitation, the covenant to rebate or cause to be rebated, if necessary, to the United States government all arbitrage earnings with respect to the 2008 B Qualified Obligations under certain circumstances and the covenant to take all actions and to refrain from such actions as may be necessary to prevent such 2008 B Qualified Obligations from being deemed to be “private activity bonds” under the Internal Revenue Code of 1986, as amended and in effect on the date of issuance of the 2008 B Bonds and any applicable regulations promulgated thereunder (the “Code”). Such an event could in turn adversely affect the exempt status of the interest on all of the 2008 B Bonds retroactive to the date of issuance. See “TAX MATTERS” herein.

Limited Remedies

The remedies available to the Trustee, to the Bond Bank or to the owners of the 2008 B Bonds upon the occurrence of an Event of Default under the Indenture or under the terms of any of the 2008 B Qualified Obligations purchased by the Bond Bank and the Purchase Agreement are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including specifically Title 11 of the United States Code (the United States Bankruptcy Code), the remedies provided in the Indenture and under the Purchase Agreement and the 2008 B Qualified Obligations may not be readily available or may be limited.

Market Value Fluctuations

The 2008 B Capital Appreciation Bonds are subject to greater market volatility than traditional bonds that have semiannual interest payments. An investor who purchases a Capital Appreciation Bond and holds it until maturity receives an amount equal to the initial investment plus the interest that has accrued. An investor who sells a 2008 B Capital Appreciation Bond prior to maturity, at a time when interest rates are generally higher than at the time such 2008 B Capital Appreciation Bond was purchased, may realize a loss on the investment. The 2008 B Capital Appreciation Bonds are intended, therefore, as a long-term investment. Prospective purchasers of 2008 B Capital Appreciation Bonds who believe they may have to sell their 2008 B Capital Appreciation Bonds prior to maturity should consider the market risk associated with the 2008 B Capital Appreciation Bonds. It is particularly important for first-time buyers of such

securities to review the suitability of 2008 B Capital Appreciation Bonds with a bank, broker or dealer qualified in accordance with the rules of the Municipal Securities Rulemaking Board.

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds related to acquiring the 2008 B Qualified Obligations and paying costs incidental to the sale and delivery of the 2008 B Bonds are estimated as shown below:

Sources of Funds:

Principal Amount of 2008 B Current Interest Bonds	\$63,770,000.00
Issued Amount of 2008 Capital Appreciation Bonds	\$20,547,740.20
Net Original Issue Premium	<u>\$ 722,815.60</u>
TOTAL SOURCES	<u>\$85,040,555.80</u>

Uses of Funds:

Acquisition of 2008 B Qualified Obligations	\$83,599,000.00
Municipal Bond Insurance Premium	\$ 658,255.52
Underwriters' Discount	\$ 548,065.31
Costs of Issuance ⁽¹⁾	<u>\$ 235,234.97</u>
TOTAL USES	<u>\$85,040,555.80</u>

⁽¹⁾ Includes legal fees and other issuance related costs.

THE INDIANA BOND BANK

The Bond Bank was created in 1984, and is organized and existing under and by virtue of the Act as a separate body corporate and politic, constituting an instrumentality of the State for the public purposes set forth in the Act. The Bond Bank is not an agency of the State, but is separate from the State in its corporate and sovereign capacity and has no taxing power.

Powers Under the Act

Under the Act, the Bond Bank has a perpetual existence and is granted all powers necessary, convenient or appropriate to carry out its public and corporate purposes including, without limitation, the power to do the following:

1. Make, enter into and enforce all contracts necessary, convenient or desirable for the purposes of the Bond Bank or pertaining to a loan to or a lease or an agreement with a qualified entity, a purchase, acquisition or a sale of qualified obligations or other investments or the performance of its duties and execution of its powers under the Act;
2. Purchase, acquire or hold qualified obligations or other investments for the Bond Bank's own account or for a qualified entity at such prices and in a manner as the Bond Bank considers advisable, and sell or otherwise dispose of the qualified obligations or investments at prices without relation to cost and in a manner the Bond Bank considers advisable;

3. Fix and establish terms and provisions upon which a purchase or loan will be made by the Bond Bank;
4. Prescribe the form of application or procedure required of a qualified entity for a purchase or loan and enter into agreements with qualified entities with respect to each purchase or loan;
5. Render and charge for services to a qualified entity in connection with a public or private sale of any qualified obligation, including advisory and other services;
6. Charge a qualified entity for costs and services in review or consideration of a proposed purchase, regardless of whether a qualified obligation is purchased, and fix, revise from time to time, charge and collect other program expenses properly attributable to qualified entities;
7. To the extent permitted by the indenture or other agreements with the owners of bonds or notes of the Bond Bank, consent to modification of the rate of interest, time and payment of installments of principal or interest, security or any other term of a bond, note, contract or agreement of any kind to which the Bond Bank is a party;
8. Appoint and employ general or special counsel, accountants, financial advisors or experts, and all such other or different officers, agents and employees as it requires;
9. In connection with any purchase, consider the need for and desirability or eligibility of the qualified obligation to be purchased, the ability of the qualified entity to secure financing from other sources, the costs of such financing and the particular public improvement or purpose to be financed or refinanced with the proceeds of the qualified obligation to be purchased by the Bond Bank;
10. Temporarily invest moneys available until used for making purchases, in accordance with the indenture or any other instrument authorizing the issuance of bonds or notes; and
11. Issue bonds or notes of the Bond Bank in accordance with the Act bearing fixed or variable rates of interest in aggregate principal amounts considered necessary by the Bond Bank to provide funds for any purposes under the Act; provided, that the total amount of bonds or notes of the Bond Bank outstanding at any one time may not exceed any aggregate limit imposed by the Act, currently fixed at \$1,000,000,000. Such aggregate limit of \$1,000,000,000 does not apply to (i) bonds or notes issued to fund or refund bonds or notes of the Bond Bank; (ii) bonds or notes issued for the purpose of purchasing an agreement executed by a qualified entity under Indiana Code 20-49-4; (iii) bonds, notes, or other obligations not secured by a reserve fund under Indiana Code 5-1.5-5; and (iv) bonds, notes, or other obligations if funds and investments, and the anticipated earned interest on those funds and investments, are

irrevocably set aside in amounts sufficient to pay the principal, interest, and premium on the bonds, notes, or obligations at their respective maturities or on the date or dates fixed for redemption.

Under the Act, the Bond Bank may not do any of the following:

1. Lend money other than to a qualified entity;
2. Purchase a security other than a qualified obligation to which a qualified entity is a party as issuer, borrower or lessee, or make investments other than as permitted by the Act;
3. Deal in securities within the meaning of or subject to any securities law, securities exchange law or securities dealers law of the United States, the State or any other state or jurisdiction, domestic or foreign, except as authorized by the Act;
4. Emit bills of credit or accept deposits of money for time or demand deposit, administer trusts or engage in any form or manner, or in the conduct of, any private or commercial banking business or act as a savings bank, savings and loan association or any other kind of financial institution; or
5. Engage in any form of private or commercial banking business.

Organization and Membership of the Bond Bank

The membership of the Bond Bank consists of seven Directors: the Treasurer of State, serving as Chairman Ex Officio, the Public Finance Director of the State of Indiana, appointed by the Governor and serving as Director Ex Officio, and five Directors appointed by the Governor of the State. Each of the five Directors appointed by the Governor must be a resident of the State and must have substantial expertise in the buying, selling and trading of municipal securities or in municipal administration or public facilities management. Each such Director will serve for a three-year term as set forth below. Upon expiration of such term, a Director will continue to serve until a successor is appointed and qualified. Each such Director is also eligible for reappointment and may be removed for cause by the Governor. Any vacancy on the Board is filled by appointment of the Governor for the unexpired term only.

The Directors elect one Director to serve as Vice Chairman. The Directors also appoint and fix the duties and compensation of an Executive Director, who serves as both secretary and treasurer. The powers of the Bond Bank are vested in the Board of Directors, any four of whom constitute a quorum. Action may be taken at any meeting of the Board by the affirmative vote of at least four Directors. A vacancy on the Board does not impair the right of a quorum to exercise the powers and perform the duties of the Board of Directors of the Bond Bank.

Directors

The following persons, including those persons with the particular types of experience required by the Act, comprise the present Board of Directors of the Bond Bank.

Richard E. Mourdock, Treasurer of the State of Indiana, February 10, 2007 to present and Chairman Ex Officio. Residence: Evansville, Indiana. President, R.E. Mourdock and Associates, LLC, 2001 to present; Vanderburgh County Commissioner, 1995-2002; Executive, Koester Companies, 1984-2000; Senior Geologist, Standard Oil Company, 1979-1984; Geologist, Amex Coal Company, 1974-1979.

Jennifer M. Alvey, Public Finance Director of the State, August 6, 2007 to present. Residence: Greenwood, Indiana. Indiana Finance Authority, Chief Operating Officer and General Counsel, 2006 to 2007; Ice Miller LLP, attorney, municipal finance section, 2003 to 2006; Indiana University, various accounting and treasury-related positions, 1995 to 2003; Certified Public Accountant; licensed to practice law in the States of Indiana and Illinois and before the District of Columbia Appeals Court.

Clark H. Byrum, Vice Chairman; term expired July 1, 2003. Residence: Indianapolis, Indiana. Chairman of the Board and President, The Key Corporation, Indianapolis, Indiana, 1977 to present; Chairman of the Board, American State Bank of Lawrenceburg, Aurora and Greendale, Indiana, 1990 to present; Board Member, NCB Corporation and Norcen Bank, 1986 to present; Member, American Bankers Association; Member, Indiana Bankers Association; Member, National Association of Life Underwriters.

C. Kurt Zorn, Director; term expired July 1, 2003. Residence: Bloomington, Indiana. Professor of Public and Environmental Affairs, Indiana University, 1994 to present; Chairman, State Board of Tax Commissioners, January 1991 to August 1994; Associate Professor, School of Public and Environmental Affairs, Indiana University, 1987 to 1994 (on leave 1989 to 1992); Member, American Economic Association; Member, National Tax Association; Member, Governmental Finance Officers Association.

Russell Breeden, III, Director; term expired July 1, 2003. Residence: Indianapolis, Indiana. Chairman of the Board and CEO, Community First Financial Group, Inc., 1993 to 2002. Director, English State Bank, 1993 to present; Chairman, Peoples Trust Bank Company, 1994 to present; Chairman, Peninsula Banking Group, 1995 to present; Chairman, Bay Cities National Bank, 1995 to present; Director and President, Bettenhausen Motorsports, Inc., 1988 to present.

Marni McKinney, Director, term expired July 1, 2004. Residence: Indianapolis, Indiana. Vice President, 1984 to 1999, and Chairman of the Board, 1999 to present, First Indiana Bank; President and CEO, The Somerset Group, 1995 to 2000; Vice Chairman and Chief Executive Officer, First Indiana Corporation, 1999 to present; Board of Directors, The Children's Museum and Community Hospitals of Indiana, Inc.; Investment Committee Member, The Indianapolis Foundation.

Russell Lloyd, Jr., Director, term expired July 1, 2006. Residence: Evansville, Indiana. Senior Director, Kruse, Dicus and Associates, LLP, 2004 to Present; Mayor, Evansville, Indiana, 2000 to 2003; Controller and Assistant Controller, Evansville, Indiana, 1988 to 1999; various management positions, Citizens National Bank, 1980 to 1988.

Although the expiration date of the terms of five Directors has passed, the Act provides that their terms will not expire until their successors are appointed and qualified. No such successors have been appointed and qualified.

The Directors are authorized to appoint and fix the duties and compensation of an Executive Director, who serves as both secretary and treasurer of the Board of Directors. Dan Huge was appointed Executive Director of the Indiana Bond Bank on October 9, 2001. Mr. Huge previously served as the Deputy Director of The Indianapolis Local Public Improvement Bond Bank for over three years. Mr. Huge has over 20 years of corporate accounting and managerial experience. He is a Certified Public Accountant and holds a B.S. from Purdue University.

OPERATION OF FUNDS AND ACCOUNTS

The Indenture creates and establishes a General Fund which will be held by the Trustee and will consist of the following accounts:

General Account
Redemption Account
Bond Issuance Expense Account

This Indenture also establishes a Rebate Fund.

General Account

The Trustee will deposit \$83,599,000.00 from 2008 B Bond proceeds in the General Account of the General Fund to purchase the 2008 B Qualified Obligations.

The Trustee will deposit in the General Account all payments on the 2008 B Qualified Obligations and all income or gain on Investment Securities attributable to any fund or account.

Moneys in the General Account of the General Fund will be disbursed as follows: (i) not later than 10:00 a.m., Indianapolis time, one (1) Business Day prior to each Interest Payment Date, to the Trustee such amounts as may be necessary to pay interest due to be paid on Outstanding Bonds on such Interest Payment Date; and (ii) not later than 10:00 a.m., Indianapolis time, one (1) Business Day prior to each Interest Payment Date, to the Trustee such amounts as may be necessary, if any, to pay principal due to be paid on Outstanding Bonds on such Interest Payment Date.

Redemption Account

There will be deposited in the Redemption Account all moneys received upon the sale or optional or mandatory redemption (prior to maturity) of 2008 B Qualified Obligations and all other moneys required to be deposited therein pursuant to the Indenture. Moneys in the Redemption Account will be distributed as follows: (i) on the fifteenth day of each month, to the General Account, an amount equal to the principal which would have been payable during the following month if such 2008 B Qualified Obligations had not been sold or redeemed prior to maturity, (ii) on the second Business Day prior to any Interest Payment Date, if amounts in the

General Account are not sufficient to make the payments of principal and interest required to be made on such date, to the General Account amounts in the Redemption Account available for such transfer and not otherwise committed under the Indenture to the redemption of Bonds for which notice of redemption has been given; and (ii) after provision has been made for the payments required under (i) and (ii) above to (a) redeem 2008 B Current Interest Bonds of such maturity or maturities as may be directed by an Authorized Officer if such 2008 B Current Interest Bonds are then subject to redemption or (b) purchase 2008 B Bonds of such maturity or maturities as directed by an Authorized Officer at the most advantageous price obtainable with reasonable diligence, whether or not any such 2008 B Current Interest Bonds will then be subject to redemption. Such price may not, however, exceed the redemption price which would be payable on the next ensuing redemption date on which the 2008 B Current Interest Bonds so purchased are redeemable according to their terms. The Trustee will pay the interest accrued on any 2008 B Current Interest Bonds so purchased to the date of delivery thereof from the General Account and the balance of the purchase price from the Redemption Account, but no such purchase will be made by the Trustee within the period of forty-five (45) days next preceding an Interest Payment Date or a date on which 2008 B Current Interest Bonds are subject to redemption.

At the direction of the Bond Bank, the Trustee may transfer any amounts in the Redemption Account to the General Account of the General Fund provided that the Trustee is provided with a Cash Flow Certificate taking into account such transfer.

Bond Issuance Expense Account

The Trustee will deposit \$235,234.97 of the proceeds of the 2008 B Bonds in the Bond Issuance Expense Account for the purpose of paying the costs associated with issuing the 2008 B Bonds. Moneys in the Bond Issuance Expense Account will be disbursed to pay Costs of Issuance of the 2008 B Bonds or to reimburse the Bond Bank for amounts previously advanced for such costs, upon the Trustee's receipt of acceptable invoices or requisitions. All funds in the Bond Issuance Expense Account which are not expended for Costs of Issuance prior to March 1, 2009 will be transferred to the General Account of the General Fund.

Rebate Fund

The Rebate Fund will be established to comply with the provisions of Section 148 of the Code concerning the rebate of certain arbitrage earnings to the United States of America. Deposits into the Rebate Fund and disbursements from the Rebate Fund will be made as provided by the Indenture and as required by federal tax law applicable to the 2008 B Bonds. The Rebate Fund is not subject to the lien of the Indenture and does not constitute a Fund or Account for purposes of the Indenture.

So long as any of the 2008 B Bonds are Outstanding and the Bond Bank is subject to a rebate obligation under the Code, the Bond Bank covenants to establish and maintain the Rebate Fund and to comply with the instructions relating to its ongoing rebate responsibilities delivered on the date of initial delivery of the of 2008 B Bonds. Such instructions will set forth procedures which may be amended from time to time.

Amounts Remaining in Funds

Any amounts remaining in any Fund or Account after full payment of all of the 2008 B Bonds outstanding under the Indenture and the fees, charges and expenses of the Trustee will be distributed to the 2008 B Qualified Entity, unless otherwise provided for in the Indenture.

Investment of Funds

Moneys held as a part of any Fund or Account under the Indenture will be invested and reinvested at all times as fully as reasonably possible by the Trustee in investments defined to be Investment Securities under the Indenture and in accordance with the provisions of the Act and the terms and conditions of the Indenture.

The Bond Bank will direct the Trustee (with such direction to be confirmed in writing) in the investment of such moneys. The Bond Bank will so direct the Trustee, and the Bond Bank and the Trustee will make all such investments of moneys under the Indenture, in accordance with prudent investment standards reasonably expected to produce the greatest investment yields while seeking to preserve principal. The Bond Bank may direct the Trustee to invest all moneys held in the General Account relating to the 2008 B Bonds pursuant to the provisions of an investment agreement (the "Investment Agreement").

All investments will be a part of the Fund or Account from which moneys were used to acquire such investments and all income and profits on such investments will be deposited as received in the General Account. Any investment income, gains or losses will be charged to the Fund or Account from which moneys were employed to invest in the Investment Security, and the Trustee will not be liable for any investment losses so long as the Trustee complies with the provisions of the Indenture. Moneys in any Fund or Account will be invested in Investment Securities with maturity dates (or redemption dates determinable at the option of the owner of such Investment Securities) coinciding as nearly as practicable with the times at which moneys in such Funds or Accounts will be required for transfer or disbursement under the Indenture. The Trustee will sell and reduce to cash at the best price reasonably obtainable sufficient amounts of such Investment Securities in the respective Fund or Account as may be necessary to make up a deficiency in any amounts contemplated to be disbursed from such Fund or Account.

THE 2008 B BONDS AS LEGAL INVESTMENTS

Under the Act, all financial institutions, investment companies, insurance companies, insurance associations, executors, administrators, guardians, trustees and other fiduciaries in the State may legally invest sinking funds, money or other funds belonging to or within the control of such fiduciaries in the bonds and notes issued under the Act, including the 2008 B Bonds.

LITIGATION

Bond Bank

There is not now pending or, to the Bond Bank's knowledge, threatened any litigation (1) restraining or enjoining the issuance, sale, execution or delivery of the 2008 B Bonds, (2) prohibiting the Bond Bank from purchasing the 2008 B Qualified Obligations with the proceeds

of such 2008 B Bonds, (3) in any way contesting or affecting the validity of the 2008 B Bonds or (4) restraining or enjoining any proceedings of the Bond Bank taken with respect to the issuance or sale thereof or the pledge or application of any moneys or security provided for the payment of the 2008 B Bonds. Neither the creation, organization or existence of the Bond Bank nor the title of any of the present Directors or other officers of the Bond Bank to their respective offices is being contested.

2008 B Qualified Entity

Upon the issuance of the 2008 B Qualified Obligations, the Bond Bank will receive a certification from the 2008 B Qualified Entity to the effect that (i) there is no action, suit, proceeding, inquiry or investigation, at law or in equity, pending or threatened against the 2008 B Qualified Entity, wherein an unfavorable decision, ruling or finding would in any material respect adversely affect the transactions contemplated by the Purchase Agreement and (ii) the information provided to the Bond Bank by the 2008 B Qualified Entity did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

TAX MATTERS

In the opinion of Barnes & Thornburg LLP, Indianapolis, Indiana, Bond Counsel, under law existing and in effect on the date of such opinion, interest on the 2008 B Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Code. The opinion of Barnes & Thornburg is based on certain certifications, covenants and representations of the Bond Bank and the 2008 B Qualified Entity issuing the 2008 B Qualified Obligations and is conditioned on continuing compliance therewith. In the opinion of Barnes & Thornburg LLP, Indianapolis, Indiana, Bond Counsel, under law existing and in effect on the date of such opinion, interest on the 2008 B Bonds is exempt from taxation in the State of Indiana for all purposes except the State financial institutions tax. See Appendix C, "FORM OF BOND COUNSEL OPINION."

The Code imposes certain requirements which must be met subsequent to the issuance of the 2008 B Bonds as a condition to the exclusion from gross income of interest on the 2008 B Bonds for federal tax purposes. Noncompliance with such requirements may cause interest on the 2008 B Bonds to be includable in gross income for federal tax purposes retroactive to the date of issue, regardless of the date on which noncompliance occurs. Should the 2008 B Bonds bear interest that is not excluded from gross income for federal income tax purposes, the market value of the 2008 B Bonds would be materially and adversely affected. The Tax Covenants include covenants that (i) the Bond Bank and 2008 B Qualified Entity will not take or fail to take any action with respect to the 2008 B Bonds, if such action or omission would result in the loss of the exclusion from gross income for federal tax purposes of interest on the 2008 B Bonds under Section 103 of the Code, and the Bond Bank and the 2008 B Qualified Entity will not act in any other manner which would adversely affect such exclusion; (ii) the Bond Bank and 2008 B Qualified Entity will not make any investment or do any other act or thing during the period that the 2008 B Bonds are outstanding which would cause the 2008 B Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code; and (iii) if required by the Code, the Bond Bank will rebate any necessary amounts to the United States of America. It is not an event

of default under the Indenture if interest on the 2008 B Bonds or the 2008 B Qualified Obligations, respectively, is not excluded from gross income for federal tax purposes pursuant to any provision of the Code which is not in effect on the date of issuance of the 2008 B Bonds.

The 2008 B Bonds are not “private activity bonds” for the purpose of treatment of interest thereon as a specific preference item in calculating the federal individual or corporate alternative minimum taxes. However, interest on the 2008 B Bonds is includable in “adjusted current earnings” in calculating corporate alternative minimum taxable income for purposes of the corporate alternative minimum tax.

Although Bond Counsel will render an opinion that interest on the 2008 B Bonds is excludable from gross income for federal tax purposes and exempt from certain State income tax, the accrual or receipt of interest on the 2008 B Bonds may otherwise affect an owner’s federal or state tax liability. The nature and extent of these other tax consequences will depend upon the owner’s particular tax status and the owner’s other items of income or deduction. Except as expressly set forth above, Bond Counsel expresses no opinion regarding any other such tax consequences.

No provision has been made for redemption of the 2008 B Bonds, or for an increase in the interest rate on the 2008 B Bonds, in the event that the interest on the 2008 B Bonds becomes subject to income taxation.

The foregoing does not purport to be a comprehensive discussion of all of the tax consequences of owning the 2008 B Bonds. Prospective purchasers of the 2008 B Bonds should consult their own tax advisors with respect to the foregoing and other tax consequences of owning the 2008 B Bonds.

ORIGINAL ISSUE DISCOUNT

The initial public offering prices of the 2008 B Current Interest Bonds maturing on June 1 in the years 2021 through 2023 and all of the 2008 B Capital Appreciation Bonds (collectively, the “Discount Bonds”), are less than the principal amounts payable at maturity. As a result, the Discount Bonds will be considered to be issued with original issue discount. The difference between the initial public offering prices of the Discount Bonds, as set forth on the inside cover of this Official Statement (assuming each is the first price at which a substantial amount of that maturity is sold) (the “Issue Price” for such maturity), and the amounts payable at maturity of the Discount Bonds will be treated as “original issue discount.” A taxpayer who purchases a Discount Bond in the initial public offering at the Issue Price for such maturity and who holds such Discount Bond to maturity may treat the full amount of original issue discount as interest which is excludable from the gross income of the owner of that Discount Bond for federal income tax purposes and will not, under present federal income tax law, realize taxable capital gain upon payment of the Discount Bond at maturity.

The original issue discount on each of the Discount Bonds is treated as accruing daily over the term of such Discount Bond on the basis of the yield to maturity determined on the basis of compounding at the end of each six-month period (or longer period from the date of the

original issue) ending on June 1 and December 1 (with straight line interpolation between compounding dates).

Section 1288 of the Code provides, with respect to tax-exempt obligations such as the Discount Bonds, that the amount of original issue discount accruing each period will be added to the owner's tax basis for the Discount Bonds. Such adjusted tax basis will be used to determine taxable gain or loss upon disposition of the Discount Bonds (including sale, redemption or payment at maturity). Owners of Discount Bonds who dispose of Discount Bonds prior to maturity should consult their tax advisors concerning the amount of original issue discount accrued over the period held and the amount of taxable gain or loss upon the sale or other disposition of such Discount Bonds prior to maturity.

As described above under "TAX MATTERS," the original issue discount that accrues in each year to an owner of a Discount Bond may result in certain collateral federal income tax consequences. Owners of any Discount Bonds should be aware that the accrual of original issue discount in each year may result in a tax liability from these collateral tax consequences even though the owners of such Discount Bonds will not receive a corresponding cash payment until a later year.

Owners who purchase Discount Bonds in the initial public offering but at a price different from the Issue Price for such maturity should consult their own tax advisors with respect to the tax consequences of the ownership of the Discount Bonds.

The Code contains certain provisions relating to the accrual of original issue discount in the case of subsequent purchasers of bonds such as the Discount Bonds. Owners who do not purchase Discount Bonds in the initial offering should consult their own tax advisors with respect to the tax consequences of the ownership of the Discount Bonds.

Owners of Discount Bonds should consult their own tax advisors with respect to the state and local tax consequences of owning the Discount Bonds. It is possible under the applicable provisions governing the determination of state or local income taxes that accrued interest on the Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment until a later year.

AMORTIZABLE BOND PREMIUM

The initial offering prices of the 2008 B Current Interest Bonds maturing on June 1 in the years 2009, 2011 through 2020 (the "Premium Bonds") are greater than the principal amount payable at maturity or call date. As a result, the Premium Bonds will be considered to be issued with amortizable bond premium (the "Bond Premium"). An owner who acquires a Premium Bond in the initial offering will be required to adjust the owner's basis in the Premium Bond downward as a result of the amortization of the Bond Premium, pursuant to Section 1016(a)(5) of the Code. Such adjusted tax basis will be used to determine taxable gain or loss upon the disposition of the Premium Bonds (including sale, redemption or payment at maturity or call). The amount of amortizable Bond Premium will be computed on the basis of the owner's yield to maturity, with compounding at the end of each accrual period. Rules for determining (i) the amount of amortizable Bond Premium and (ii) the amount amortizable in a particular year are set

forth in Section 171(b) of the Code. No income tax deduction for the amount of amortizable Bond Premium will be allowed pursuant to Section 171(a)(2) of the Code, but amortization of Bond Premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining other tax consequences of owning the Premium Bonds. Owners of the Premium Bonds should consult their tax advisors with respect to the precise determination for federal income tax purposes of the treatment of Bond Premium upon the sale or other disposition of Premium Bonds and with respect to the state and local tax consequences of owning and disposing of Premium Bonds.

Special rules governing the treatment of Bond Premium, which are applicable to dealers in tax-exempt securities are found at Section 75 of the Code. Dealers in tax-exempt securities are urged to consult their own tax advisors concerning treatment of Bond Premium.

LEGAL MATTERS

Certain legal matters incident to the authorization and issuance of the 2008 B Bonds by the Bond Bank are subject to the approval of Barnes & Thornburg LLP, Indianapolis, Indiana, Bond Counsel, whose approving opinion will be delivered with the 2008 B Bonds. Certain legal matters will be passed upon for the Bond Bank by its counsel, Taft Stettinius & Hollister LLP, Indianapolis, Indiana. Certain legal matters will be passed upon the 2008 B Qualified Entity by its bond counsel, Bingham McHale LLP, Indianapolis, Indiana. Certain legal matters will be passed upon for the Underwriters by their counsel, Krieg DeVault LLP, Indianapolis, Indiana.

The remedies available to the Trustee, to the Bond Bank or to the owners of the 2008 B Bonds upon an Event of Default under the Indenture, under the terms of the 2008 B Qualified Obligations purchased by the Bond Bank, under the terms of the Purchase Agreement are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including specifically Title 11 of the United States Code (the United States Bankruptcy Code), the remedies provided in the Indenture and under the 2008 B Qualified Obligations or the Purchase Agreement may not be readily available or may be limited. Under Federal and State environmental laws, certain liens may be imposed on property of the Bond Bank or the 2008 B Qualified Entity from time to time, but the Bond Bank has no reason to believe, under existing law, that any such lien would have priority over the lien on the payments on the 2008 B Qualified Obligations pledged to owners of the 2008 B Bonds under the Indenture or over the lien on the 2008 B Qualified Entity Revenues and the moneys on deposit in the Reserve Account pledged to the Bond Bank, as owner of the 2008 B Qualified Obligations. The various legal opinions to be delivered concurrently with the delivery of the 2008 B Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally (regardless of whether such enforceability is considered in a proceeding in equity or in law), by general principles of equity (regardless of whether such proceeding is considered in a proceeding in equity or at law) and by the valid exercise of the constitutional powers of the 2008 B Qualified Entity, the State and the United States of America. These exceptions would encompass any exercise of any of the 2008 B Qualified Entity's police powers in a manner consistent with the public health and welfare. Enforceability of the Indenture, the 2008 B Qualified Obligations or the Purchase Agreement in

situations where such enforcement may adversely affect public health and welfare may be subject to the police powers of the State or the 2008 B Qualified Entity.

The various legal opinions to be delivered concurrently with the delivery of the 2008 B Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of parties to such transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

RATINGS

Standard & Poor's Ratings Services ("S&P") has assigned a rating of "AA-" to the 2008 B Bonds if they are issued without bond insurance and is expected to assign a rating of "AAA" if they are issued with bond insurance. This rating reflects only the view of S&P. Such rating is not a recommendation to buy, sell or hold the 2008 B Bonds. There is no assurance that such rating will remain in effect for any given period of time or that such rating will not be lowered or withdrawn entirely by S&P if, in its judgment, circumstances so warrant. The underwriters have undertaken no responsibility either to bring to the attention of the owners of the 2008 B Bonds any proposed revision or withdrawal of the rating of the 2008 B Bonds or to opposed any such proposal revision or withdrawal. Any such downward revision or withdrawal of the rating may have an adverse effect upon the market price or marketability of the 2008 B Bonds.

UNDERWRITING

Under a bond purchase contract entered into between the Underwriters listed on the cover page of this Official Statement and the Bond Bank, the Underwriters have agreed to purchase the 2008 B Bonds at an aggregate purchase price of \$83,834,234.97, which represents the \$63,770,000.00 aggregate par amount of the 2008 B Current Interest Bonds plus the \$20,547,740.20 aggregate issued amount of the 2008 B Capital Appreciation Bonds minus the premium for the Bond Insurance Policy in the amount of \$658,255.52 plus the net original issue premium of \$722,815.60 minus Underwriters' discount of \$548,065.31, pursuant to a purchase contract entered into by and between the Bond Bank and the Underwriters. Such purchase contract provides that the Underwriters will purchase all of the 2008 B Bonds if any are purchased.

The Underwriters have agreed to make a bona fide public offering of all of the 2008 B Bonds at prices not in excess of the initial public offering prices set forth or reflected inside the cover page of this Official Statement. The Underwriters may sell the 2008 B Bonds to certain dealers (including dealers depositing 2008 B Bonds into investment trusts) and others at prices lower than the offering prices set forth inside the cover page hereof.

VERIFICATION OF MATHEMATICAL CALCULATIONS

The accuracy of certain mathematical computations showing that payments on the 2008 B Qualified Obligations, together with other available revenues, have been structured to be sufficient

to pay principal of and interest on the 2008 B Bonds when due will be verified by London Witte Group, LLC, independent certified public accountants. Such verifications shall be based upon certain information and assumptions supplied by the Bond Bank and the Underwriters.

CONTINUING DISCLOSURE

Bond Bank Undertaking

Pursuant to disclosure requirements set forth in Rule 15c2-12 (the “Rule”) promulgated by the Securities and Exchange Commission (the “SEC”), and the terms of the Continuing Disclosure Agreement (the “Bond Bank Undertaking”) of the Bond Bank, the Bond Bank will agree to provide to each NRMSIR or to the Municipal Securities Rulemaking Board (the “MSRB”), and to the State Depository, if any, the following event notices, if material, and in a timely manner:

- principal and interest payment delinquencies;
- non-payment related defaults;
- unscheduled draws on debt service reserves reflecting financial difficulties;
- unscheduled draws on credit enhancements reflecting financial difficulties;
- substitution of credit or liquidity providers, or their failure to perform;
- adverse tax opinions or events affecting the tax-exempt status of the security;
- modifications to rights of security holders;
- Bond calls (other than scheduled mandatory redemptions not otherwise contingent upon the occurrence of an event, the terms of which redemption are set forth in detail, in the Final Official Statement);
- defeasances;
- release, substitution or sale of property securing repayment of the securities; and
- rating changes.

Notwithstanding the foregoing, any information required to be provided by the Bond Bank to each NRMSIR and the State Directory as described above may, instead, be provided by the Bond Bank to DisclosureUSA, but only for so long as the conditions for the interpretation made by the SEC in the Response continue to be met. “DisclosureUSA” means the Internet based electronic filing system created by the Municipal Advisory Council of Texas for the purpose of facilitating compliance by issuers and obligated persons (both as defined in the Rule) with continuing disclosure agreements entered into to satisfy the obligations of underwriters (as defined in the Rule). “Response” means the interpretive letter, dated September 7, 2005, released by the Division of Market Regulation of the SEC regarding DisclosureUSA.

2008 B Qualified Entity Undertaking

In accordance with the disclosure requirements in the Rule and the terms of the Continuing Disclosure Agreement of the 2008 B Qualified Entity (the “2008 B Qualified Entity Undertaking”), the 2008 B Qualified Entity, while the 2008 B Bonds are outstanding, has agreed to provide to the Bond Bank the preceding event notices with regard to the 2008 B Qualified

Obligations, if material, and in a timely manner, and has agreed to provide the following information while any 2008 B Qualified Obligations are outstanding:

1. Financial Information. An update of the financial information and operating data relating to the 2008 B Qualified Entity of the same nature as that contained in Appendix A to each NRMSIR, to the State Depository, if any, and to the Bond Bank, within 180 days after each December 31, commencing with the calendar year ending December 31, 2008.
2. Audited Financial Statements. To each NRMSIR, to the State Depository, if any, and to the Bond Bank, when and if available, the audited financial statements of the 2008 B Qualified Entity as prepared and examined by the State Board of Accounts for each twelve (12) month period ending December 31, commencing with the year ending December 31, 2008, together with all notes thereto, within sixty (60) days of receipt of such statements from the State Board of Accounts.

(The information described in items 1 and 2 above is referred to as the “2008 B Qualified Entity Annual Information.”)

Notwithstanding the foregoing, any information required to be provided by the 2008 B Qualified Entity to each NRMSIR and the State Depository as described above may, instead, be provided by the 2008 B Qualified Entity to DisclosureUSA, but only for so long as the conditions for the interpretation made by the SEC in the Response continue to be met.

Failure to Disclose

In a timely manner, the 2008 B Qualified Entity shall notify each NRMSIR or the MSRB, and the State Depository, if any, of any failure on the part of the 2008 B Qualified Entity to provide the 2008 B Qualified Entity Annual Information on or before the dates specified in the 2008 B Qualified Entity Undertaking. If any information relating to the 2008 B Qualified Entity can no longer be provided because the operations to which it relates have been materially changed or discontinued, a statement to that effect, provided by the 2008 B Qualified Entity to each NRMSIR and to the State Depository, if any, along with the 2008 B Qualified Entity Annual Information required as specified above, will satisfy the 2008 B Qualified Entity’s undertaking to provide the 2008 B Qualified Entity Annual Information.

Remedies

The Bond Bank Undertaking and the 2008 B Qualified Entity Undertaking (collectively “Undertakings”) are solely for the benefit of the holders and beneficial owners of the 2008 B Bonds and create no new contractual or other rights for the SEC, any underwriters, brokers, dealers, municipal securities dealers, potential customers, or other obligated persons or any other third party. The sole remedy against the Bond Bank or the 2008 B Qualified Entity for any failure to carry out any provision of their respective Undertakings shall be for specific performance of the Bond Bank’s or the 2008 B Qualified Entity’s disclosure obligations under their respective Undertakings. Failure on the part of the Bond Bank to honor its covenants under the Bond Bank Undertaking shall not constitute a breach or default of the 2008 B Bonds,

the Indenture or any other agreement to which the Bond Bank is a party. Failure on the part of the 2008 B Qualified Entity to honor its covenants under the 2008 B Qualified Entity Undertaking shall not constitute a breach or default of the 2008 B Qualified Obligations, the 2008 B Qualified Entity Bond Ordinance or any other agreement to which the 2008 B Qualified Entity is a party. This remedy may be exercised by any holder or beneficial owner of the 2008 B Bonds who may seek specific performance by court order to cause the Bond Bank or the 2008 B Qualified Entity to comply with their respective disclosure obligations under the Undertakings.

Modification of Bond Bank Undertaking

The Bond Bank may, from time to time, amend any provision of the Bond Bank Undertaking without the consent of the holders or the beneficial owners of the 2008 B Bonds if either: (a) (i) such amendment is made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of the Bond Bank or type of business conducted, (ii) the Bond Bank Undertaking, as so amended would have complied with the requirements of the Rule on the date of the Bond Bank Undertaking, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, and (iii) such amendment does not materially impair the interest of the holders or beneficial owners of the 2008 B Bonds, as determined either by (A) any person selected by the Bond Bank that is unaffiliated with the Bond Bank or the 2008 B Qualified Entity (including the Trustee) or (B) an approving vote of the holders of the requisite percentage of outstanding Bonds as required under the Indenture at the time of such amendment; or (b) such amendment is otherwise permitted by the Rule.

Copies of the Bond Bank Undertaking are available from the Bond Bank upon request.

Modification of 2008 B Qualified Entity Undertaking

The 2008 B Qualified Entity may, from time to time, amend any provision of the 2008 B Qualified Entity Undertaking without the consent of the holders or the beneficial owners of the 2008 B Bonds if either: (a) (i) such amendment is made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of the 2008 B Qualified Entity, or type of business conducted, (ii) the 2008 B Qualified Entity Undertaking, as so amended, would have complied with the requirements of the Rule on the date of the 2008 B Qualified Entity Undertaking, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, and (iii) such amendment does not materially impair the interest of the holders or beneficial owners of the 2008 B Bonds, as determined either by (A) any person selected by the 2008 B Qualified Entity that is unaffiliated with the 2008 B Qualified Entity or the Bond Bank (such as the Trustee or nationally recognized bond counsel) or (B) an approving vote of the holders of the requisite percentage of outstanding 2008 B Bonds as required under the Indenture at the time of such amendment; or (b) such amendment is otherwise permitted by the Rule.

Copies of the 2008 B Qualified Entity Undertaking are available from the Bond Bank upon request.

Compliance with Previous Undertakings

In the previous five years, the Bond Bank and the 2008 B Qualified Entity have never failed to comply, in all material respects, with any previous undertakings in a written contract or agreement that any of them entered into pursuant to subsection (b)(5) of the Rule.

MISCELLANEOUS

The Bond Bank's offices are located at 2980 Market Tower, 10 West Market Street, Indianapolis, Indiana 46204, telephone (317) 233-0888.

All quotations from, references, summaries and explanations of, the Act, the Indenture, the 2008 B Qualified Entity Bond Ordinance and the Purchase Agreement contained in this Official Statement do not purport to be complete and reference is made to each such document or instrument for full and complete statements of its provisions. The attached Appendices are an integral part of this Official Statement and must be read together with all of the foregoing statements. Copies in a reasonable quantity of the Act, the Indenture, the Purchase Agreement, the 2008 B Qualified Entity Bond Ordinance and the supplemental materials furnished to the Bond Bank by the 2008 B Qualified Entity may be obtained upon request directed to the Bond Bank.

It is the Bond Bank's current policy to provide its financial statements to the holders of its obligations, including the 2008 B Bonds, upon written request. In addition, certain other information concerning the Bond Bank is available to the Trustee and holders of the 2008 B Bonds pursuant to the Indenture.

Neither any advertisement of the 2008 B Bonds nor this Official Statement is to be construed as constituting an agreement with the purchasers of the 2008 B Bonds. Any statements made in this Official Statement involving matters of opinions or estimates, whether or not expressly so stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the information presented herein since the date hereof. This Official Statement is submitted in connection with the issuance and sale of the 2008 B Bonds and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not to be construed as a contract or agreement among the Bond Bank, the 2008 B Qualified Entity, the Trustee or the Underwriters and the purchasers or owners of any 2008 B Bonds. The delivery of this Official Statement has been duly authorized by the Board of Directors of the Bond Bank.

This Official Statement has been duly approved, executed and delivered by the Bond Bank.

INDIANA BOND BANK

By: /s/ Richard E. Mourdock
Chairman Ex Officio

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APPENDIX A

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APPENDIX A

GENERAL AND ECONOMIC INFORMATION

CITY OF CARMEL WATERWORKS

MUNICIPAL WATER UTILITY

EXISTING SYSTEM

The City of Carmel (the “City”) operates a municipal water utility providing services to approximately 26,362 users. The utility began operations in 1929 with a single well. Over the years, expansions have been made so that today the system has 20 wells. The utility operates and maintains four treatment plants. The first treatment plant was built in 1964 and expanded in 1965 to 1.0 million gallons per day (MGD). A second plant was built in 1971 and expanded to 3.0 MGD in 1975 and a third 2.0 MGD plant was purchased from Indianapolis Water Company, Inc. in 1981. A fourth plant was constructed in 1995. The system can currently produce approximately 22 MGD and distributes water over 975 miles of water mains. Water treatment includes iron removal, softening, disinfection and fluoridation.

The City purchased a portion of the Hamilton Western Utilities in April 2002. The purchase included 2,300 additional customers and the potential for an estimated 4,000 new customers as the area develops.

On June 30, 2006, the City finalized its agreement to purchase certain assets, including customers, with the Indianapolis Waterworks Department. The purchase included approximately 9,300 customers and the potential for an estimated 11,000 new customers as the area develops.

UTILITY MANAGEMENT

The Common Council acts as the legislative body of the City and passes the ordinances and resolutions. The management of the Carmel Municipal Water Utility is under the direction of the three-member Board of Public Works. The utilities manager oversees the day-to-day operations of the system, including water treatment, distribution, billing and collection as well as administration. The utility currently employs 53 permanent personnel.

USER CONNECTIONS

Based upon information provided by utility personnel, the number of water utility customers is reported as follows:

<u>Year</u>	<u>Number of Connections</u>	<u>% Growth</u>
2007	26,362	1.74%
2006	25,910	59.54% (2)
2005	16,240	3.16%
2004	15,742	2.22%
2003	15,400	1.54%
2002	15,166	25.94% (1)
2001	12,042	4.30%
2000	11,546	5.35%
1999	10,960	5.47%
1998	10,392	4.45%

(1) Includes the addition of former Hamilton Western Utilities, Inc.

(2) Includes the addition of former Indianapolis Water Customers

City of Carmel Rates (approved August 4, 2008)

Monthly Metered Rates:

Class A Customers - These are established for the use of and the services rendered by the waterworks system of the City to Class A customers, the following monthly metered rates and charges are based on the use of water supplied by said waterworks system:

	<u>Cubic Feet</u>	<u>Gallons</u>	<u>Rate per 100 Cubic Feet</u>	<u>Rate per 1,000 Gallons</u>
First	1,500	11,000	\$1.30	\$1.72
Next	18,500	139,000	1.27	1.68
Next	80,000	600,000	1.20	1.59
Next	400,000	3,000,000	0.82	1.08
Over	500,000	3,750,000	0.59	0.78

Monthly Base Charges:

Class A Customers - These are established for the use of and the services rendered by the waterworks system of the City to Class A customers, the following monthly base rates and charges are based on the size of the meter(s) through which the customer receives services:

<u>Meter Size</u>	<u>Per Month</u>
5/8 Inch meter	\$7.55
1 Inch meter	10.00
1 1/2 Inch meter	17.25
2 Inch meter	24.00
3 Inch meter	46.85
4 Inch meter	73.11
6 Inch meter	113.00
8 Inch meter	167.00
10 Inch meter	221.00

Minimum Charge:

Class A Customers - Each Class A customer shall pay the greater of (i) the amount determined by combining the monthly metered rate(s) plus the monthly base charge(s) applicable to such customer as determined in the tables above; or (ii) a minimum charge per month in accordance with the size of the meter installed as set forth below:

<u>Meter Size</u>	<u>Per Month</u>
5/8 Inch meter	\$7.55
1 Inch meter	14.87
1 1/2 Inch meter	33.98
2 Inch meter	55.22
3 Inch meter	116.81
4 Inch meter	169.90
6 Inch meter	371.67
8 Inch meter	679.62
10 Inch meter	899.41

Charges for 5/8” meters for consumption of 10,000 gallons or less:

The above schedule shall be modified for Class A customers receiving service through a 5/8” meter utilizing 10,000 gallons or less per month so that the increase in their monthly bill shall not exceed \$4.55. Accordingly, the charge at consumption levels 0 to 10,000 for these customers shall be as set forth below:

<u>Monthly Consumption</u> <u>(in 000's gallons)</u>	<u>Per Month</u>
0	\$7.55
1	9.27
2	9.86
3	10.85
4	12.95
5	15.05
6	17.01
7	18.97
8	20.93
9	22.89
10	24.75

Rates and Charges for Metered Water Services – Acquired Service Area Rates
(Former Indianapolis Water Customers)

Metered Rates per Month:

	<u>Cubic Feet</u>	<u>Gallons</u>	<u>Rate per</u> <u>100 Cubic Feet</u>	<u>Rate per</u> <u>1,000 Gallons</u>
First	1,500	11,250	\$1.30	\$1.73
Next	18,500	138,750	1.27	1.69
Next	80,000	600,000	1.20	1.60
Next	400,000	3,000,000	0.82	1.09
Over	500,000	3,750,000	0.59	0.79

Base Charge:

	<u>Meter Size</u>	<u>Per Month</u>
5/8	Inch meter	\$7.55
1	Inch meter	9.10
1 1/2	Inch meter	10.00
2	Inch meter	17.25
3	Inch meter	24.00
4	Inch meter	46.85
6	Inch meter	73.11
8	Inch meter	113.00
10	Inch meter	221.00

LARGE USERS

According to the utility records, the following is a list of the ten largest users of the Water Utility as of December 31, 2007:

<u>Name</u>	<u>Type of Business</u>	<u>Twelve Months Ended 12/31/07</u>	
		<u>Usage (Gallons) (In 000's)</u>	<u>Revenue</u>
Duke Realty	Office Buildings	42,328	\$67,320 *
Carmel Clay Schools	School	155,969	67,062
Mohawk Hills	Apartments	21,220	63,778
Indianapolis Water Company	Utility	439,880	54,958
Clarian North	Hospital	28,752	48,931 *
St. Vincent	Hospital	24,290	34,984 *
St. Vincent Heart	Hospital	43,921	28,278 *
McKinley	Apartments	14,960	28,011
Simon Property Group	Mall	44,930	25,859
Providence-Old Meridian	Apartments	18,810	19,585 *
		<u>835,060</u>	<u>\$438,766</u>

*-Revenues calculated based on rates for acquired area customers (Former Indianapolis Water customers page A-4) while the Carmel revenues were calculated using the Carmel rate structure in place prior to August 4, 2008.

SUMMARY OF OUTSTANDING REVENUE DEBT

The following is a summary of the outstanding revenue debt of the Water Utility as of August 1, 2008:

<u>Description</u>	<u>Original Par Amount</u>	<u>Amount Outstanding</u>
Revenue Bonds, Series 2002A	\$4,000,000	\$2,875,000
Revenue Bonds, Series 2002B	5,400,000	4,825,000
Refunding Revenue Bonds, 2003 A	4,005,000	220,000
Bond Anticipation Notes, Series 2007A*	35,000,000	35,000,000
Totals	<u>\$48,405,000</u>	<u>\$42,920,000</u>

* To be refunded with this issue

COMBINED DEBT SERVICE REQUIREMENTS

The tabulation below sets forth the combined annual debt service requirements for all outstanding indebtedness of the Water Utility (other than the Prior Notes being refunded by this issue).

<u>Year</u>	<u>2002 A</u>	<u>2002 B</u>	<u>2003 A</u>	<u>Total</u>
2008	\$96,735	\$118,658	\$41,518	\$256,911
2009	208,155	335,565	477,035	1,020,755
2010	207,518	331,965	476,179	1,015,662
2011	197,086	338,025	483,623	1,018,734
2012	196,863	333,735	487,298	1,017,896
2013	196,635	329,253	494,336	1,020,224
2014	533,470	520,305	-	1,053,775
2015	531,843	521,328	-	1,053,171
2016	533,833	520,515	-	1,054,348
2017	529,400	518,140	-	1,047,540
2018	528,900	519,890	-	1,048,790
2019	532,053	510,890	-	1,042,943
2020	528,732	516,015	-	1,044,747
2021	529,140	515,015	-	1,044,155
2022	528,261	513,015	-	1,041,276
2023	-	1,040,883	-	1,040,883
Totals	<u>\$5,878,624</u>	<u>\$7,483,197</u>	<u>\$2,459,989</u>	<u>\$15,821,810</u>

Note: Principal payments are annually each May 1 with semi-annual interest payments each May 1 and November 1. Year 2008 totals only include the November 1 interest payment since the May 1, 2008 payments have been made.

GENERAL, PHYSICAL AND SOCIAL INFORMATION

LOCATION AND GENERAL CHARACTERISTICS

The City of Carmel is located in Hamilton County directly north of Indianapolis. The City has experienced tremendous growth within the past few decades as represented in the population statistics presented below. Carmel serves mainly as a residential and commercial area for both Carmel and Indianapolis professionals. The unemployment rate in Hamilton County has been substantially lower than the State and National levels and currently is one of the lowest in Indiana at 4.0%. The City is recognized for its sound corporate environment, high quality residential neighborhoods, outstanding schools, well-developed infrastructure and strong economy. The proximity of Carmel to Indianapolis provides increased employment, recreation, cultural and higher education opportunities for local residents.

POPULATION

The population of the City of Carmel and Hamilton County for the last five census dates as well as the past five years is as follows, according to the U.S. Bureau of Census:

<u>Year</u>	<u>City of Carmel</u>		<u>Hamilton County</u>	
	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>
1960	1,442	-	40,132	-
1970	6,691	364.01%	54,532	35.88%
1980	18,272	173.08%	82,027	50.42%
1990	25,380	38.90%	108,936	32.81%
2000	37,733	48.67%	182,740	67.75%
2003	56,514 *	49.77%	216,826	18.65%
2004	57,321 *	1.43%	223,176	2.93%
2005	59,243 *	3.35%	240,685	7.85%
2006	60,000 *	1.28%	250,979	4.28%
2007	68,677 *	14.46%	261,661	4.26%

**-Per U.S. Census Bureau; represents geographic boundary updates for the City since 2000 census.*

Source: City of Carmel 2007 CAFR

PLANNING AND ZONING

The Carmel Plan Commission promotes orderly growth throughout the City and other areas of Clay Township. The 13-member Commission is appointed by the Mayor of Carmel and the Clay Township Trustee. The Board of Zoning Appeals has five members and is also appointed by the Mayor and the Clay Township Trustee.

TRANSPORTATION

Major interstates are easily accessible with Interstate 465 located at the southern edge of the City which connects four major interstates (I-65, I-69, I-70 and I-74). In addition, U.S. Highway 31 and State Road 234 transverse the area. Over 20 interstate and intrastate trucking lines provide carrier services. The Indianapolis International Airport, approximately 20 miles southwest of the City, is the nearest international airport. Several airports throughout the Carmel-Indianapolis area provide charter air service.

GOVERNMENT

The City Government of Carmel is comprised of executive, fiscal, legislative and judicial branches. The Mayor serves as the head of the executive branch and is elected to a four-year term. The Clerk-Treasurer serves as the head of the fiscal branch and is also elected to a four-year term. The City's seven-member Common Council serves as the legislative branch and the City Judge and City Court Clerk serve as the judicial branch.

HEALTH CARE

St. Vincent's Carmel Hospital provides health care services to residents of the City. The St. Vincent's 124 bed facility was completed in 1985 and offers emergency services, surgical suites and a shared medical staff with St. Vincent Hospital located eight miles southwest of Carmel. Departments within the Hospital include radiology, laboratory, intensive and coronary care, physical and occupational therapy, among others. A professional office building for physicians is also located on Hospital grounds. Additionally, a 50-bed long-term, acute health care facility, St. Elizabeth Ann Seton Hospital, is located on the second floor of the facility. A \$32 million expansion, completed in 2003, tripled the size of the Emergency Department, added a new maternity services unit and a dedicated 16-bed bariatric unit, and included a new cafeteria.

The Heart Center of Indiana, the first free-standing heart hospital to open in the Indianapolis area, provides state-of-the art acute cardiovascular services. The Center features a four-story, 189,866 square foot structure including 60 beds with future capacity for 120 beds. An attached three-story medical office building provides easy access to physician offices. The Center covers approximately 13 acres of land and includes surface parking of 552 spaces.

Clarian North Medical Center opened on December 1, 2005, and is a full-service hospital committed to providing exceptional care and service. With dedicated pavilions for specialty surgery, women and children, and an attached medical office building, Clarian North brings together physician offices, 170 inpatient beds, and operating rooms in a 700,000 square foot facility located on the northwest corner of 116th Street and U.S. 31 North/Meridian Street.

EDUCATION

The Carmel Clay Schools serves the residents of the City of Carmel and surrounding Clay Township. Currently, the school system has one high school, three middle schools, eleven elementary schools, and two special education facilities. Total enrollment was reported at 15,026 for the 2007-2008 school year. A teaching staff of 850 provides educational opportunities for school-aged children. In 2005, the School Corporation completed construction of a new middle school and a new freshman center opened, which has a reported enrollment of 1130 students. In addition, renovation work continues on Carmel Middle School and Clay Middle School, and the district's eleventh elementary school, West Clay opened in August, 2006.

HIGHER EDUCATION

Carmel's central Indiana location and proximity to Indianapolis provides students with a wide range of opportunities for higher education and vocational training. Located within a 70-mile radius are several institutions for higher learning, including Anderson University, Marian College, Ball State University, Purdue University, Butler University, University of Indianapolis, DePauw University, Indiana University, Indiana University/Purdue University at Indianapolis, and Wabash College. Vocational training is included in the high school curriculum. Vocational centers are located in Indianapolis with Indiana Vocational Technical College offering classes in Hamilton County. According to the Indiana Department of Education, over 90% of graduating Carmel Clay students pursue higher education at a university level.

COMMUNICATION

The Carmel Star and Current in Carmel are weekly newspapers circulated in the City. Residents can also receive the monthly Carmel Magazine. In addition, the Indianapolis Star is widely circulated daily in the City. Indianapolis area radio stations provide news and music to a variety of listeners. All major television networks (originating in Indianapolis) and cable television are available to the City's residents.

UTILITIES

Residents of Carmel receive natural gas from Vectren and telephone services from AT&T. Electricity is provided by Duke Energy and Indianapolis Power and Light Company. Water and sewage services are provided by the municipal utilities of Carmel.

RECREATION/CULTURE/LIBRARY

Proximity to Indianapolis provides residents of the City with an abundance of leisure time activities. Participatory and spectator activities include the Indianapolis Zoo, the Children's Museum, the Allstate Brickyard 400, the Museum of Art, professional athletic events (Indianapolis Colts, Indiana Pacers, and Indianapolis Indians), the I.U. Natatorium, the Velodrome, and numerous other recreational facilities. Locally, Carmel offers a racquet club, several golf courses, an ice-skating facility, the Carmel Community Pool, and several fitness centers.

Cultural activities are provided by several local organizations as well as the Carmel Symphony Orchestra which was organized in 1976. Indianapolis provides a wide range of cultural attractions including art, theater, symphonic productions and ballet.

The Carmel Clay Public Library offers a variety of books, magazines, newspapers and pamphlets. The Library currently has approximately 120,000 volumes. The present facility opened in the spring of 1999 and provides state-of-the-art technology, group study rooms and two technology centers.

The Carmel Arts and Design District is the location of choice for merchants and shop owners focused on the arts. Located in the heart of Old Town Carmel, owners of galleries, eateries, boutiques, gift and interior design shops, antique stores and other retail establishments geared toward the arts will find the district a perfect location to showcase their wares.

The Carmel Performing Arts Center currently scheduled for completion in December 2009 and City Center adjacent to the Carmel Arts and Design District, the area will eventually become an arts and culture center, attracting people from near and far.

Carmel's new 161 acre Central Park features natural wetlands with fishing lagoons and boardwalks, a skate park, four (4) miles of walking trails, a woodland garden as well as the 146,000 square foot Monon Center. The Monon Center houses indoor and outdoor aquatics, a fitness center, elevated running track and childcare.

GENERAL ECONOMIC AND FINANCIAL INFORMATION

FINANCIAL INSTITUTIONS

The following banks and savings and loan associations are located in the City and Hamilton County:

Chase Bank, Indianapolis, N.A.	Keybank, N.A.
CIB Bank	M & I Bank
Fifth Third Bank, Indiana	National Bank of Indianapolis
First Merchants Bank, N.A.	National City Bank of Indiana
First National Bank & Trust	PNC Bank
Flagstar	Old National Bank
Harris	Regions Bank
Huntington National Bank	Star Financial Bank
Irwin Union Bank & Trust Company	Charter One Bank, N.A.
	Sky Bank

EMPLOYMENT

Unemployment percentages for the City, Hamilton County and the United States for prior years are listed as annual averages. The estimates for 2008 are stated as of June.

<u>Year</u>	<u>Unemployment Percentage</u>			<u>Labor Force</u>
	<u>City of Carmel</u>	<u>Hamilton County</u>	<u>United States</u>	<u>City of Carmel</u>
2008	4.0%	5.8%	N/A	140,317
2007	2.9%	4.5%	4.6%	137,512
2006	3.2%	4.9%	4.6%	136,959
2005	3.4%	5.4%	5.1%	130,575
2004	3.4%	5.3%	5.5%	124,882
2003	3.3%	5.3%	6.0%	120,547
2002	3.3%	5.2%	5.8%	113,253
2001	2.4%	4.2%	4.7%	107,682
2000	1.8%	2.9%	4.0%	101,911
1999	1.1%	2.9%	4.2%	99,575

Source: Indiana Workforce Development and Stats Indiana

Note: The June 2008 unemployment estimate for the United States was not yet available at the time of this report.

INDUSTRY

Carmel has experienced extensive residential, commercial and industrial development in recent years and has been one of the fastest growing areas in the Indianapolis Metropolitan Area.

Along U.S. 31, which is known as the Meridian Corridor, several modern multi-story office complexes have been built in recent years. The offices of major corporations such as Thomson Consumer Electronics, MacMillan Publishing Company, Consec, Inc., Anacom and Delta Faucet Company are among the many office complexes which form the Meridian Corridor. Several new office complexes are currently under construction.

Employees of Thomson Consumer Electronics moved into their administration and technical center located in Clay Township in 1994. The facility housed the North American and South American headquarters, marketing and sales, customer service and customer relations, legal and administrative, and engineering departments. In 2003, Thompson announced they were merging with Chinese manufacturer, TCL International Holdings. The joint venture, called TCL-Thompson Electronics, combined Thompson's and TCL's TV and DVD player units to create the world's largest manufacturer of television sets. Approximately 200 employees at the headquarters in Carmel became TCL-Thompson employees.

Consec, Inc. is a life insurance holding company founded in 1979. Consec acquired numerous insurance companies in the 1980's and 1990's. On September 30, 2003, Consec emerged from a Chapter 11 bankruptcy filing with a newly approved reorganization plan. Company management reports 2,300 employee associates as of December 31, 2005.

The headquarters for Delta Faucet Company, a manufacturer of faucets, is located in Carmel, Indiana. The company is preparing to expand the size of their facility and expects employment to increase slightly over the next year. Company personnel report that they currently employ 350.

In 1998, the City and its Redevelopment Commission began an aggressive redevelopment effort to redevelop and revitalize the center of the City, including the historic downtown, into a cultural and civic center. The central City is undergoing a tremendous amount of new construction, including offices, restaurants, retail, up-scale apartments, condominiums, town homes, and public spaces and monument designed to create a vibrant urban atmosphere. The mixed-use development is called "City Center". The historic area is also being developed into an arts district. The city reports that 200,000 square feet of new retail space will be developed within the City Center area in the next four years, and 40,000 square feet of office space within the next two years. Within five years, another 160,000 square feet of retail or office space will be developed in the expanded City Center area.

Development is also occurring in Carmel in an area called Clay Terrace. This up-scale open-air retail environment included approximately 500,000 square feet of retail space and dining options and 70,000 square feet of second story office space and an area for shows and concerts. The \$100 million development opened in October 2004.

Midwest Independent Transmission System Operator, Inc. (MISO), the nation's first electric Regional Transmission Organization (RTO), built their corporate headquarters in Carmel four years ago. This past spring, the company announced a \$150 million investment in new facilities and equipment. The company currently employs approximately 575.

Adesa, Inc. recently moved into a new headquarters in Carmel. The company moved 350 employees into the new 10,000 square foot facility and will ultimately house about 800 employees. Adesa, Inc. is a market leader in wholesale vehicle auctions, salvage auctions and automotive finance.

Due to the proximity of the City of Indianapolis, many residents are employed in Indianapolis.

LARGEST EMPLOYERS

According to the Hamilton County Alliance, the following is a list of largest employers in the City of Carmel:

<u>Name</u>	<u>Type of Business</u>	<u>Reported Employment</u>
Conseco, Inc.	HQ, Insurance Services	2,500
Carmel Clay Schools	School	1,893
Resort Condominium Intl.	Travel, Time Share Services	900
St. Vincent Carmel Hospital	Acute Health Care Facility	800
Charles Schwab & Co	Financial Institution	800
Bridgestone/Firestone	Manufacturing	800
Liberty Mutual Group	Insurance Services	800
Clarion North Medial Center	Acute Health Care Facility	775
HFC	Insurance Services	725
Midwest ISO	Electrical Grid Management	<u>575</u>
Total of Top Ten Employers		<u><u>10,568</u></u>

Source: City of Carmel 2007 CAFR

BUILDING PERMITS

The following schedule presents the number of building permits within the City of Carmel-Clay Township as provided by the Carmel Department of Community Services:

<u>Year</u>	<u>Residential Single Family</u>	<u>Residential Two-Family</u>	<u>Residential Multi-Family</u>	<u>Business/Commercial</u>	<u>Church</u>	<u>Office</u>	<u>Industrial</u>	<u>Public Instutions</u>	<u>Total</u>
1998	997	5	1	11	-	10	-	-	1,024
1999	944	5	24	35	2	22	-	2	1,034
2000	874	9	37	21	-	-	1	3	945
2001	808	-	18	34	-	-	-	6	866
2002	698	2	51	25	-	-	-	1	777
2003	895	-	6	44	1	-	-	1	947
2004	835	3	9	38	2	-	-	2	889
2005	741	7	13	46	1	-	-	4	812
2006	574	5	18	33	-	-	-	2	632
2007	563	2	12	32	-	-	-	3	612

MISCELLANEOUS ECONOMIC INFORMATION

The following information concerning the City of Carmel, Hamilton County and the State of Indiana has been obtained from the Bureau of Census Reports and the Indiana Business Research Center.

	<u>Hamilton County</u>	<u>State of Indiana</u>
Per capita personal income in 2006	\$45,676	\$32,288
Median household income in 2005	\$79,927	\$44,051
Population per square mile	657.6	176.9

Hamilton County has the highest per medium household income and the second highest per capita income in the State of Indiana.

Note: Income estimates for 2007 were not yet available at the time of this report.

HISTORICAL ASSESSED VALUATION OF THE CITY OF CARMEL

<u>Year Payable</u>	<u>Real Estate</u>	<u>Utilities</u>	<u>Personal Property</u>	<u>Total</u>
2003	\$3,256,138,245	\$20,089,190	\$422,481,930	\$3,698,709,365
2004	3,993,031,020	23,390,250	351,507,170	4,367,928,440
2005	4,878,596,650	24,095,090	393,354,552	5,296,046,292
2006	5,147,761,630	72,786,390	411,562,220	5,632,110,240
2007	6,109,605,489	22,982,155	346,140,109	6,478,727,753

Source: Hamilton County Auditor's Office

Note: The real property reassessment effective March 1, 1995, is based upon 1991 costs of land, material, and labor, and applies to 1995 taxes payable in 1996 through 2001 taxes payable in 2002. Net assessed valuations represent the assessed value less certain deductions for mortgages, veterans, the aged and the blind, as well as tax-exempt property.

Beginning with 2002 taxes payable in 2003, real property is valued for assessment purposes at its "true tax value" as defined in the Real Property Assessment Rule, 50 IAC 2.3, the 2002 Real Property Assessment Manual ("Manual"), as incorporated into 50 IAC 2.3, and the 2002 Real Property Assessment Guidelines, Version A ("Guidelines"), as adopted by the DLGF. The Manual defines "true tax value" as "the market value in use of property for its current use, as reflected by the utility received by the owner or a similar user from that property". The Manual permits assessing officials in each county to choose any acceptable mass appraisal method to determine true tax value, taking into consideration the ease of administration and the uniformity of the assessments produced by that method. The Guidelines were adopted to provide assessing officials with an acceptable appraisal method, although the Manual makes it clear that assessing officials are free to select from any number of appraisal methods, provided that they produce accurate and uniform values throughout the jurisdiction and The Manual specifies the standards for accuracy and validation that the DLGF uses to determine the acceptability of any alternative appraisal method.

TAXES LEVIED AND COLLECTED

<u>Year Payable</u>	<u>Property Tax Levies</u>	<u>Property Tax Collections</u>	<u>Percentage Collected</u>
1998	\$10,110,896	\$10,326,367	102.13%
1999	10,104,329	10,156,535	100.52%
2000	10,639,192	10,824,016	101.74%
2001	12,668,163	12,662,295	99.95%
2002	13,289,762	13,179,751	99.17%
2003	13,371,105	13,071,295	97.76%
2004	23,209,357	23,370,030	100.69%
2005	28,066,712	28,084,717	100.06%
2006	29,797,451	29,221,103	98.07%
2007	28,046,412	28,279,366	100.83%

Source: Hamilton County Auditor's Office

LARGE TAXPAYERS

The following is a list of the ten largest taxpayers located within the City of Carmel.

<u>Principal Taxpayers</u>	<u>Type of Business</u>	<u>2006 Net* Assessed Value</u>	<u>Percent of Total City True Tax Value</u>
Duke Weeks Realty/Duke Realty Ltd./ Duke Realty Services, LP	Office complex management companies	\$61,962,050	2.87%
Clarian Health Partners, Inc./Clarian Health North LLC	Acute Health Care Facility	58,678,527	2.72%
Washington National Life Insurance National Life Insurance	Life Insurance holding company	26,557,567	1.23%
Clay Terrace Partners, LLC	Design/build project company	22,881,733	1.06%
Carmel Indy Properties, LLC	Property management	16,437,833	0.76%
ARI MP	Property management	10,957,067	0.51%
Midwest Independent Transportation System Operator Inc.	Corporate Headquarters	10,697,623	0.50%
Zeller Carmel LLC	Property management	10,459,767	0.48%
GPI Retail Properties/ c/o Gibraltar Property Inc.	Property management	10,377,833	0.48%
Technology Center Associates, Lt	Real Estate	9,451,367	0.44%
		<u>\$238,461,367</u>	<u>11.05%</u>

*-Only includes each taxpayer's parcels located in the City of Carmel real property.

Source: City of Carmel 2007 CAFR

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APPENDIX B

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APPENDIX B

CITY OF CARMEL MUNICIPAL WATER UTILITY

Carmel, Indiana

Utility Rate Analysis

For Test Year Ending June 30, 2008

City of Carmel Municipal Water Utility
Carmel, Indiana

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Schedule 1	Revenue Requirements
Schedule 2	Estimated Debt Service and Coverage
Schedule 3	Special Program Bonds (Carmel Junior Waterworks Project), Series 2008B
Schedule 4	Rate Ordinance - Monthly Rates and Charges
Schedule 5	Rate Ordinance - Water Connection Fee
Schedule 6	Rate Ordinance - Availability Charge
Schedule 7	Comparative Statements of Net Income for the Twelve Months Ended December 31, 2006 and June 30, 2007 (Unaudited)

CARMEL MUNICIPAL WATER UTILITY

Carmel, Indiana

SUMMARY

London Witte Group, LLC ("LWG") performed an analysis of the operating reports, financial reports and other data pertaining to the Carmel Municipal Water Utility (the "Utility"). The purpose of the analysis was to estimate the Utility's financial capability to meet its on-going revenue requirements for operation and maintenance expenses, current and proposed debt service payments, and to make capital improvements and/or additions to the Utility's system. The analysis also assumes an increase to the connection and availability fees charged developers, builders, and others connecting to the system. The analysis began with the historical data taken from the books and records of the Utility for the twelve months ended June 30, 2007. This historical information was first adjusted to remove the effects of a dryer than normal consumption period. Secondly, the information was adjusted for estimated future growth affecting both revenues and expenses, complete transition of the acquired area customers to the Carmel system and for the inclusion of the affects of the issuance of approximately \$85 million in long term debt.

The Utility has two rate structures currently in existence. One for the existing Carmel Area customers and one for the Acquired Area customers both of which have been approved by the Indiana Utility Regulatory Commission. The existing Carmel customers had not experienced a rate increase since 1993 and the acquired area customers by virtue of their acquisition by Carmel averted an approximate 30% rate increase from their previous provider (Indianapolis Water) and cannot have their rates increased until 2012 (as agreed to by the Utility at the time of acquisition). Because of the need for capital improvements and additions to the current system due to existing Carmel customer's demand, the required transition of the acquired area customers to the Carmel system, and the transition of the currently outstanding \$35 million Bond Anticipation Note (short term debt) to long term debt, the Utility intends to issue approximately \$85 million of long term debt.

In order to issue this debt and maintain the targeted debt service coverage ratio of 1.25 times, the rates that Carmel charges its existing (Carmel Area) customers need to be increased. The increase amounts to an approximate 24% increase in customer rate revenues. This increase is not to be applied in an across-the-board fashion to the existing customer's rate structure. The existing Carmel Area customer's rate structure has been changed to be similar to the acquired area structure except for those customers with a 5/8" meter utilizing 10,000 gallons or less per month, Schedule 4. The increase to these customer's monthly charges does not exceed \$4.55.

In the course of preparing the analysis, LWG did not conduct an audit of any financial or supplemental data used in the analysis. We have made certain projections, which may vary from actual results because events and circumstances frequently do not occur, as estimated and such variances may be material. We have no responsibility to update this analysis for events and circumstances occurring after August 20, 2008.

Carmel Municipal Water Utility

Carmel, Indiana

Revenue Requirements

<u>Line No.</u>	<u>Revenue Requirements (Expense)</u>	<u>2009</u>	<u>2034*</u>
(1)	Operation & Maintenance	\$ 5,566,222	\$ 11,780,056
(2)	Extensions and Replacements	450,000	450,000
(3)	Taxes Other Than Income Tax	716,770	1,144,690
(4)	Existing Debt Service	1,020,756	-
(5)	Indianapolis Obligation	1,800,000	-
(6)	Estimated Debt Service (\$81.75 Million)	<u>2,809,377</u>	<u>14,130,000</u>
(7)	Total Revenue Requirements	\$ 12,363,125	\$ 27,504,747
	<u>Projected Revenues</u>		
(8)	Acquired Area Revenues	\$ 3,657,025	\$ 9,930,095 ***
(9)	Existing Carmel Area Customers	4,764,354	16,068,626 ***
(10)	Connection and Availability Fees	1,498,500	2,978,550 ***
(11)	Interest Income	145,603	145,603
(12)	Other Income	<u>317,902</u>	<u>863,216</u>
(13)	Total Projected Revenues	<u>\$ 10,383,383</u>	<u>\$ 29,986,089</u>
(14)	Additional Revenues Required (Line (7) minus Line (13))	<u>\$ 1,979,742</u>	<u>\$ (2,481,342) **</u>
(15)	Net Revenues Provided by Customer Rate Increase***	\$ 1,153,350	
(16)	Revenues from increasing Availability and Connection Fees (50.34% of total increase.***)	<u>826,392</u>	
(17)	Total Additional Revenues Generated	<u>\$ 1,979,742</u>	

* Maximum Annual Debt Service on 2008 Obligations

** Revenues in Excess of Requirement. No Additional Rates Needed.

*** Estimated based on ordinances in Schedules 4, 5, and 6 and growth assumptions.

Carmel Municipal Water Utility

Carmel, Indiana

Estimated Debt Service and Coverage

Years	Estimated Amount Available For New Debt Service (1), (2)	\$81.75 Million	
		Estimated Debt Service (7)	Debt Service Coverage (8)
2009	\$ 3,512,243	\$ 2,809,377	1.25
2010	3,760,645	3,156,350	1.19
2011	4,011,285	3,206,350	1.25
2012	4,029,846	3,219,350	1.25
2013	4,300,607 (3)	3,436,750	1.25
2014	4,546,420	3,635,350	1.25
2015	4,849,681	3,875,550	1.25
2016	5,166,171	4,130,350	1.25
2017	5,508,834	4,403,750	1.25
2018	5,858,383	4,682,775	1.25
2019	6,234,566	4,986,500	1.25
2020	6,619,788	5,293,125	1.25
2021	7,027,486	5,616,750	1.25
2022	7,458,442 (4)	5,966,250	1.25
2023	7,907,651 (5)	6,321,000	1.25
2024	9,679,835	7,739,500	1.25
2025	10,174,328 (6)	8,134,525	1.25
2026	12,493,330	9,991,050	1.25
2027	13,037,987	10,426,575	1.25
2028	13,609,500	10,007,000	1.25
2029	14,209,118	11,365,000	1.25
2030	14,838,152	11,870,000	1.25
2031	15,497,969	12,395,000	1.25
2032	16,190,000	12,950,000	1.25
2033	16,915,740	13,530,000	1.25
2034	17,687,987		

(1) Amount Available for New Debt Service is after existing debt and its intended 1.25 Debt Service Coverage.

(2) Amount Available for New Debt assumes an average annual water sales revenue growth equal to 4.25% and an annual increase to operations and maintenance expense equal to 3.00%.

(3) The final debt service payment for Series 2003 is to be made in 2013.

(4) The final debt service payment for Series 2002A is to be made in 2022.

(5) The final debt service payment for Series 2002B is to be made in 2023.

(6) The final payment for the Indianapolis Obligation which was a component of operations and maintenance expense is to be made in 2025.

(7) Estimated as shown on Schedule 3

(8) Estimated based on ordinances in Schedule 4, 5, and 6, and growth, cost and debt service assumptions.

Indiana Bond Bank
Special Program Bonds
(Carnol Junior Waterworks Project), Series 2008B

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Indiana Bond Bank
Special Program Bonds
(Carmel Junior Waterworks Project), Series 2008B

TOTAL ISSUE SOURCES AND USES

Dated 09/18/2008

Delivered 09/18/2008

	Coupon Bonds	Cap Apprec Bonds	Issue Summary
SOURCES OF FUNDS			
Par Amount of Bonds.....	\$61,010,000.00	\$20,740,399.05	\$81,750,399.05
Reoffering Premium.....	3,344,393.55	-	3,344,393.55
TOTAL SOURCES.....	\$64,354,393.55	\$20,740,399.05	\$85,094,792.60
USES OF FUNDS			
Deposit to Project Construction Fund.....	63,358,000.00	20,249,000.00	83,607,000.00
Gross Bond Insurance Premium.....	447,675.31	304,960.00	752,635.31
Total Underwriter's Discount (0.650%).....	396,566.00	134,812.59	531,377.59
Costs of Issuance.....	151,498.09	51,501.91	203,000.00
Rounding Amount.....	655.15	124.55	779.70
TOTAL USES.....	\$64,354,393.55	\$20,740,399.05	\$85,094,792.60

Oppenheimer & Co, Inc.
Municipal Capital Markets Group

File = INDIANA BOND BANK - 8-20-08.SF-INDIANA BOND BANK - 8-20-08-Issue Summary
8/20/2008 4:53 PM

Indiana Bond Bank
Special Program Bonds
(Carmel Junior Waterworks Project), Series 2008B

PRICING SUMMARY

Maturity	Type of Bond	Coupon	Yield	Issuance Value	Maturity Value	Price	Dollar Price
6/01/2009	Serial Coupon	4.000%	2.500%	575,000.00	575,000.00	101.035%	580,951.25
6/01/2011	Serial Coupon	4.000%	2.000%	60,000.00	60,000.00	102.836%	51,418.00
6/01/2012	Serial Coupon	4.000%	3.100%	65,000.00	65,000.00	103.121%	67,028.65
6/01/2013	Serial Coupon	4.000%	3.200%	285,000.00	285,000.00	103.463%	294,869.55
6/01/2014	Serial Coupon	4.000%	3.400%	495,000.00	495,000.00	103.082%	510,255.90
6/01/2015	Serial Coupon	4.000%	3.550%	755,000.00	755,000.00	102.659%	775,075.43
6/01/2016	Serial Coupon	4.000%	3.800%	1,040,000.00	1,040,000.00	101.320%	1,053,728.00
6/01/2017	Serial Coupon	4.500%	4.000%	1,355,000.00	1,355,000.00	103.639%	1,404,308.45
6/01/2018	Serial Coupon	4.500%	4.100%	1,695,000.00	1,695,000.00	103.170%	1,748,731.50
6/01/2019	Serial Coupon	4.500%	4.200%	2,075,000.00	2,075,000.00	102.559%	2,128,099.25
6/01/2020	Serial Coupon	4.500%	4.350%	2,475,000.00	2,475,000.00	101.358%	2,508,610.50
6/01/2021	Serial Coupon	5.000%	4.500%	2,910,000.00	2,910,000.00	104.791%	3,049,418.10
6/01/2022	Serial Coupon	5.000%	4.600%	3,405,000.00	3,405,000.00	104.025%	3,542,051.25
6/01/2023	Serial Coupon	5.000%	4.700%	3,930,000.00	3,930,000.00	103.152%	4,053,873.60
6/01/2025	Term 1 Coupon	5.500%	4.800%	11,790,000.00	11,790,000.00	107.971%	12,729,780.90
6/01/2028	Term 2 Coupon	5.500%	5.000%	28,110,000.00	28,110,000.00	106.212%	29,856,193.20
6/01/2029	Serial Zero	-	5.550%	3,658,961.75	11,365,000.00	32.195%	3,658,961.75
6/01/2030	Serial Zero	-	5.600%	3,579,992.00	11,870,000.00	30.160%	3,579,992.00
6/01/2031	Serial Zero	-	5.650%	3,498,612.70	12,395,000.00	28.226%	3,498,612.70
6/01/2032	Serial Zero	-	5.700%	3,417,505.00	12,950,000.00	26.390%	3,417,505.00
6/01/2033	Serial Zero	-	5.750%	3,335,145.00	13,500,000.00	24.660%	3,335,145.00
6/01/2034	Serial Zero	-	5.800%	3,250,182.60	14,130,000.00	23.002%	3,250,182.60
Total	-	-	-	81,750,399.05	137,250,000.00	-	85,094,792.60

BID INFORMATION

Par Amount of Bonds.....	\$81,750,399.05
Reoffering Premium or (Discount).....	3,344,393.55
Gross Production.....	\$85,094,792.60
Total Underwriter's Discount (0.660%).....	\$(531,377.59)
Bid (103.441%).....	84,563,415.01
Total Purchase Price.....	\$84,563,415.01
Bond Year Dollars.....	\$1,437,626.57
Average Life.....	17.586 Years
Average Coupon.....	7.4016737%
Net Interest Cost (NIC).....	7.2060028%
True Interest Cost (TIC).....	5.2105732%

Oppenheimer & Co, Inc.
Municipal Capital Markets Group

File = INDIANA BOND BANK - 8-20-08.SF-INDIANA BOND BANK - 8-20-08-Issue Summary
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Indiana Bond Bank
Special Program Bonds
(Carmel Junior Waterworks Project), Series 2008B

AVERAGE LIFE BY MATURITY

Maturity	Type	BOND YEARS (000)	/ ISSUANCE VALUE	= AVERAGE LIFE
6/01/2009	Serial	404.10	575,000.00	0.703 Years
6/01/2011	Serial	135.14	50,000.00	2.703 Years
6/01/2012	Serial	240.68	65,000.00	3.703 Years
6/01/2013	Serial	1,340.29	285,000.00	4.703 Years
6/01/2014	Serial	2,822.88	495,000.00	5.703 Years
6/01/2015	Serial	3,060.60	755,000.00	6.703 Years
6/01/2016	Serial	8,010.89	1,040,000.00	7.703 Years
6/01/2017	Serial	11,792.26	1,355,000.00	8.703 Years
6/01/2018	Serial	16,446.21	1,695,000.00	9.703 Years
6/01/2019	Serial	22,208.26	2,075,000.00	10.703 Years
6/01/2020	Serial	28,964.38	2,475,000.00	11.703 Years
6/01/2021	Serial	36,965.08	2,910,000.00	12.703 Years
6/01/2022	Serial	46,657.96	3,405,000.00	13.703 Years
6/01/2023	Serial	57,781.92	3,930,000.00	14.703 Years
6/01/2029	Serial	75,750.67	3,658,961.75	20.703 Years
6/01/2030	Serial	77,695.77	3,579,992.00	21.703 Years
6/01/2031	Serial	79,428.23	3,498,612.70	22.703 Years
6/01/2032	Serial	81,004.36	3,417,505.00	23.703 Years
6/01/2033	Serial	82,387.35	3,335,145.00	24.703 Years
6/01/2034	Serial	83,538.72	3,250,182.60	25.703 Years
6/01/2025	Term 1	191,380.75	11,790,000.00	16.232 Years
6/01/2028	Term 2	527,610.08	28,110,000.00	18.769 Years
Total	-	1,437,626.57	81,750,399.05	-

BID INFORMATION

Bond Year Dollars..... \$1,437,626.57
Average Life..... 17.586 Years

Oppenheimer & Co, Inc.
Municipal Capital Markets Group

File = INDIANA BOND BANK - 8-20-08.SF-INDIANA BOND BANK - 8-20-08-Issue Summary
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Indiana Bond Bank <i>Special Program Bonds</i> (Carmel Junior Waterworks Project), Series 2008B					
OPERATION OF PROJECT CONSTRUCTION FUND					
Date	Principal	Rate	Receipts	Disbursements	Cash Balance
9/18/2008	83,607,000.00	-	83,607,000.00	83,607,000.00	-
Total	83,607,000.00	-	83,607,000.00	83,607,000.00	-

INVESTMENT PARAMETERS

Investment Model (PV, GIC, or Securities).....	GIC
Default investment yield target.....	User Defined
Cost of Investments Purchased with Bond Proceeds.....	83,607,000.00
Total Cost of Investments.....	\$83,607,000.00
Target Cost of Investments at bond yield.....	\$83,607,000.00
Yield to Receipt.....	-
Yield for Arbitrage Purposes.....	5.9296045%

Oppenheimer & Co. Inc.
 Municipal Capital Markets Group

File = INDIANA BOND BANK - 8-20-08.SF-INDIANA BOND BANK - 8-20-08-Issue Summary
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Indiana Bond Bank
Special Program Bonds
(Carniel Junior Waterworks Project), Series 2008B

DETAIL COSTS OF ISSUANCE

Dated 09/18/2008

Delivered 09/18/2008

COSTS OF ISSUANCE DETAIL

Financial Advisor.....	\$30,000.00
IBB Administrative Fee.....	\$50,000.00
Cash Flow Verification.....	\$5,000.00
Bond Counsel.....	\$50,000.00
General Counsel.....	\$26,000.00
Trustee Origination.....	\$7,000.00
Rating Agency Fee.....	\$10,000.00
POS/Official Statement.....	\$5,000.00
Miscellaneous.....	\$10,000.00
Rounding.....	\$11,000.00
 TOTAL.....	 \$203,000.00

Oppenheimer & Co, Inc.

File = INDIANA BOND BANK - 8-20-08.SF-INDIANA BOND BANK - 8-20-08-Issue Summary

Municipal Capital Markets Group

8/20/2008 4:53 PM

Indiana Bond Bank
Special Program Bonds
(Carnel Junior Waterworks Project), Series 2008B

PROJECT SUMMARY

Dated 09/18/2008

Delivered 09/18/2008

	Coupon Bonds	Cap Apprec Bonds	Issue Summary
SOURCES OF FUNDS			
Par Amount of Bonds.....	\$61,010,000.00	\$20,740,399.05	\$81,750,399.05
Reoffering Premium.....	3,344,393.55	-	3,344,393.55
TOTAL SOURCES.....	\$64,354,393.55	\$20,740,399.05	\$85,094,792.60
USES OF FUNDS			
Deposit to Project Construction Fund.....	63,358,000.00	20,249,000.00	83,607,000.00
Gross Bond Insurance Premium.....	447,678.31	304,960.00	752,638.31
Total Underwriter's Discount (0.650%).....	396,565.00	134,812.59	531,377.59
Costs of Issuance.....	151,495.09	51,501.91	203,000.00
Rounding Amount.....	655.15	124.55	779.70
TOTAL USES.....	\$64,354,393.55	\$20,740,399.05	\$85,094,792.60

FLOW OF FUNDS DETAIL

State and Local Government Series (SLGS) rates for.....
 Date of OMP Candidates.....

PRIMARY PURPOSE FUND SOLUTION METHOD.....	Net Funded	Net Funded	Net Funded
Total Cost of Investments.....	\$63,358,000.00	\$20,249,000.00	\$83,607,000.00
TOTAL DRAWS.....	\$63,358,000.00	\$20,249,000.00	\$83,607,000.00

PRESENT VALUE ANALYSIS SUMMARY (NET TO NET)

NET PRESENT VALUE BENEFIT.....	-	-	-
NET PV BENEFIT / - REFUNDED PRINCIPAL.....	-	-	-
NET PV BENEFIT / - REFUNDING PRINCIPAL.....	-	-	-

BOND STATISTICS

Average Life.....	15.699 Years	23.134 Years	17.586 Years
Average Coupon.....	5.3150642%	11.5671136%	7.4016737%
Net Interest Cost (NIC).....	5.0073004%	11.5952110%	7.2060028%
Bond Yield for Arbitrage Purposes.....	5.2296045%	5.2296045%	5.2296045%
True Interest Cost (TIC).....	4.8407407%	5.7076617%	5.2105732%
All Inclusive Cost (AIC).....	4.9295859%	5.7851594%	5.2932480%

Indiana Bond Bank
Special Program Bonds
(Carmel Junior Waterworks Project), Series 2008B

NET DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I	Net New D/S	FISCAL TOTAL
9/18/2008	-	-	-	-	-	-
6/01/2009	375,000.00	4.000%	2,234,376.53	2,809,376.53	2,809,376.53	2,809,376.53
12/01/2009	-	-	1,578,175.00	1,578,175.00	1,578,175.00	-
6/01/2010	-	-	1,578,175.00	1,578,175.00	1,578,175.00	3,156,350.00
12/01/2010	-	-	1,578,175.00	1,578,175.00	1,578,175.00	-
6/01/2011	50,000.00	4.000%	1,578,175.00	1,628,175.00	1,628,175.00	3,206,350.00
12/01/2011	-	-	1,577,175.00	1,577,175.00	1,577,175.00	-
6/01/2012	65,000.00	4.000%	1,577,175.00	1,642,175.00	1,642,175.00	3,219,350.00
12/01/2012	-	-	1,575,875.00	1,575,875.00	1,575,875.00	-
6/01/2013	285,000.00	4.000%	1,575,875.00	1,860,875.00	1,860,875.00	3,436,750.00
12/01/2013	-	-	1,570,175.00	1,570,175.00	1,570,175.00	-
6/01/2014	495,000.00	4.000%	1,570,175.00	2,065,175.00	2,065,175.00	3,635,350.00
12/01/2014	-	-	1,560,275.00	1,560,275.00	1,560,275.00	-
6/01/2015	755,000.00	4.000%	1,560,275.00	2,315,275.00	2,315,275.00	3,875,550.00
12/01/2015	-	-	1,545,175.00	1,545,175.00	1,545,175.00	-
6/01/2016	1,040,000.00	4.000%	1,545,175.00	2,585,175.00	2,585,175.00	4,130,350.00
12/01/2016	-	-	1,524,375.00	1,524,375.00	1,524,375.00	-
6/01/2017	1,355,000.00	4.500%	1,524,375.00	2,879,375.00	2,879,375.00	4,403,750.00
12/01/2017	-	-	1,493,887.50	1,493,887.50	1,493,887.50	-
6/01/2018	1,695,000.00	4.500%	1,493,887.50	3,188,887.50	3,188,887.50	4,682,775.00
12/01/2018	-	-	1,455,750.00	1,455,750.00	1,455,750.00	-
6/01/2019	2,075,000.00	4.500%	1,455,750.00	3,530,750.00	3,530,750.00	4,986,500.00
12/01/2019	-	-	1,409,062.50	1,409,062.50	1,409,062.50	-
6/01/2020	2,475,000.00	4.500%	1,409,062.50	3,884,062.50	3,884,062.50	5,293,125.00
12/01/2020	-	-	1,353,375.00	1,353,375.00	1,353,375.00	-
6/01/2021	2,910,000.00	5.000%	1,353,375.00	4,263,375.00	4,263,375.00	5,616,750.00
12/01/2021	-	-	1,280,625.00	1,280,625.00	1,280,625.00	-
6/01/2022	3,405,000.00	5.000%	1,280,625.00	4,685,625.00	4,685,625.00	5,966,250.00
12/01/2022	-	-	1,195,500.00	1,195,500.00	1,195,500.00	-
6/01/2023	3,930,000.00	5.000%	1,195,500.00	5,125,500.00	5,125,500.00	6,321,000.00
12/01/2023	-	-	1,097,250.00	1,097,250.00	1,097,250.00	-
6/01/2024	5,545,000.00	5.500%	1,097,250.00	6,642,250.00	6,642,250.00	7,739,500.00
12/01/2024	-	-	944,762.50	944,762.50	944,762.50	-
6/01/2025	6,245,000.00	5.500%	944,762.50	7,189,762.50	7,189,762.50	8,134,525.00
12/01/2025	-	-	773,025.00	773,025.00	773,025.00	-
6/01/2026	8,445,000.00	5.500%	773,025.00	9,218,025.00	9,218,025.00	9,991,050.00
12/01/2026	-	-	540,787.50	540,787.50	540,787.50	-
6/01/2027	9,345,000.00	5.500%	540,787.50	9,885,787.50	9,885,787.50	10,426,575.00
12/01/2027	-	-	283,800.00	283,800.00	283,800.00	-
6/01/2028	10,320,000.00	5.500%	283,800.00	10,603,800.00	10,603,800.00	10,887,600.00
Total	61,010,000.00	-	50,908,826.53	111,918,826.53	111,918,826.53	-

Oppenheimer & Co, Inc.

File = INDIANA BOND BANK - 8-20-08.SF-INDIANA BOND BANK - 8-20-08-Coupon Bonds

Municipal Capital Markets Group

8/20/2008 4:53 PM

Indiana Bond Bank
Special Program Bonds
(Carmel Junior Waterworks Project), Series 2008B

PRICING SUMMARY

Maturity	Type of Bond	Coupon	Yield	Maturity Value	Price	Dollar Price
6/01/2009	Serial Coupon	4.000%	2.500%	575,000.00	101.035%	580,951.25
6/01/2011	Serial Coupon	4.000%	2.900%	60,000.00	102.836%	51,418.00
6/01/2012	Serial Coupon	4.000%	3.100%	65,000.00	103.121%	67,028.65
6/01/2013	Serial Coupon	4.000%	3.200%	285,000.00	103.463%	294,869.55
6/01/2014	Serial Coupon	4.000%	3.400%	495,000.00	103.082%	510,255.90
6/01/2015	Serial Coupon	4.000%	3.550%	755,000.00	102.659%	775,075.45
6/01/2016	Serial Coupon	4.000%	3.800%	1,040,000.00	101.320%	1,053,728.00
6/01/2017	Serial Coupon	4.500%	4.000%	1,355,000.00	103.639%	1,404,308.45
6/01/2018	Serial Coupon	4.500%	4.100%	1,695,000.00	103.170%	1,748,731.50
6/01/2019	Serial Coupon	4.500%	4.200%	2,075,000.00	102.559%	2,128,099.25
6/01/2020	Serial Coupon	4.500%	4.350%	2,475,000.00	101.358%	2,508,610.50
6/01/2021	Serial Coupon	5.000%	4.500%	2,910,000.00	104.791%	3,049,418.10
6/01/2022	Serial Coupon	5.000%	4.600%	3,405,000.00	104.025%	3,542,051.25
6/01/2023	Serial Coupon	5.000%	4.700%	3,930,000.00	103.152%	4,053,873.60
6/01/2025	Term 1 Coupon	5.500%	4.800%	11,790,000.00	107.971%	12,729,780.90
6/01/2028	Term 2 Coupon	5.500%	5.000%	28,110,000.00	106.212%	29,856,193.20
Total	-	-	-	61,010,000.00	-	64,354,393.55

BID INFORMATION

Par Amount of Bonds.....	\$61,010,000.00
Reoffering Premium or (Discount).....	3,344,393.55
Gross Production.....	\$64,354,393.55
Total Underwriter's Discount (0.650%).....	\$(396,565.00)
Bid (104.832%).....	63,957,828.55
Total Purchase Price.....	\$63,957,828.55
Bond Year Dollars.....	\$957,821.47
Average Life.....	15.699 Years
Average Coupon.....	5.3150642%
Net Interest Cost (NIC).....	5.0073004%
True Interest Cost (TIC).....	4.8407407%

Oppenheimer & Co, Inc.

Municipal Capital Markets Group

File = INDIANA BOND BANK - 8-20-08.SF-INDIANA BOND BANK - 8-20-08-Coupon Bonds

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Indiana Bond Bank
Special Program Bonds
(Carmel Junior Waterworks Project), Series 2008B

AVERAGE LIFE BY MATURITY

Maturity	Type	BOND YEARS (000)	/ ISSUANCE VALUE	= AVERAGE LIFE
6/01/2009	Serial	404.10	575,000.00	0.703 Years
6/01/2011	Serial	136.14	50,000.00	2.703 Years
6/01/2012	Serial	240.68	65,000.00	3.703 Years
6/01/2013	Serial	1,340.29	285,000.00	4.703 Years
6/01/2014	Serial	2,822.88	495,000.00	5.703 Years
6/01/2015	Serial	5,060.60	755,000.00	6.703 Years
6/01/2016	Serial	8,010.89	1,040,000.00	7.703 Years
6/01/2017	Serial	11,792.26	1,355,000.00	8.703 Years
6/01/2018	Serial	16,446.21	1,695,000.00	9.703 Years
6/01/2019	Serial	22,208.26	2,075,000.00	10.703 Years
6/01/2020	Serial	28,964.38	2,475,000.00	11.703 Years
6/01/2021	Serial	36,965.08	2,910,000.00	12.703 Years
6/01/2022	Serial	46,657.96	3,405,000.00	13.703 Years
6/01/2023	Serial	57,781.92	3,930,000.00	14.703 Years
6/01/2025	Term 1	191,380.75	11,790,000.00	16.232 Years
6/01/2028	Term 2	527,610.08	28,110,000.00	18.769 Years
Total	-	957,821.47	61,010,000.00	-

BID INFORMATION

Bond Year Dollars.....	\$957,821.47
Average Life.....	15.699 Years

Oppenheimer & Co, Inc.
Municipal Capital Markets Group

File = INDIANA BOND BANK - 8-20-08.SF-INDIANA BOND BANK - 8-20-08-Coupon Bonds
8/20/2008 4:53 PM

<p style="text-align: center;">Indiana Bond Bank <i>Special Program Bonds</i> (Carnel Junior Waterworks Project), Series 2008B</p>					
OPERATION OF PROJECT CONSTRUCTION FUND					
Date	Principal	Rate	Receipts	Disbursements	Cash Balance
9/18/2008	63,358,000.00	-	63,358,000.00	63,358,000.00	-
Total	63,358,000.00	-	63,358,000.00	63,358,000.00	-

INVESTMENT PARAMETERS

Investment Model [FV, GIC, or Securities].....	GIC
Default investment yield target.....	User Defined
Cost of Investments Purchased with Bond Proceeds.....	63,358,000.00
Total Cost of Investments.....	\$63,358,000.00
Target Cost of Investments at bond yield.....	\$63,358,000.00
Yield to Receipt.....	-
Yield for Arbitrage Purposes.....	5.2296045%

Oppenheimer & Co, Inc.
Municipal Capital Markets Group

File = INDIANA BOND BANK - 8-20-08.SF-INDIANA BOND BANK - 8-20-08-Coupon Bonds
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Indiana Bond Bank
Special Program Bonds
(Carmel Junior Waterworks Project), Series 2008B

NET DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I	Net New D/S	FISCAL TOTAL
9/18/2008	-	-	-	-	-	-
0/01/2029	3,668,961.75	5.550%	7,706,038.25	11,365,000.00	11,365,000.00	11,365,000.00
6/01/2030	3,579,992.00	5.600%	8,290,008.00	11,870,000.00	11,870,000.00	11,870,000.00
6/01/2031	3,498,612.70	5.650%	8,896,387.30	12,395,000.00	12,395,000.00	12,395,000.00
6/01/2032	3,417,505.00	5.700%	9,532,495.00	12,950,000.00	12,950,000.00	12,950,000.00
6/01/2033	3,335,145.00	5.750%	10,194,855.00	13,530,000.00	13,530,000.00	13,530,000.00
6/01/2034	3,250,182.60	5.800%	10,879,817.40	14,130,000.00	14,130,000.00	14,130,000.00
Total	20,740,399.05	-	55,499,600.95	76,240,000.00	76,240,000.00	-

Oppenheimer & Co, Inc.

File = INDIANA BOND BANK - 8-20-08.SF-INDIANA BOND BANK - 8-20-08-Cap Apprec Bonds

Municipal Capital Markets Group

8/20/2008 4:53 PM

Indiana Bond Bank
Special Program Bonds
(Carmel Junior Waterworks Project), Series 2008B

PRICING SUMMARY

Maturity	Type of Bond	Coupon	Yield	Issuance Value	Maturity Value	Price	Dollar Price
6/01/2029	Serial Zero	-	5.550%	3,658,961.75	11,365,000.00	32.195%	3,658,961.75
6/01/2030	Serial Zero	-	5.600%	3,579,992.00	11,870,000.00	30.160%	3,579,992.00
6/01/2031	Serial Zero	-	5.650%	3,498,612.70	12,395,000.00	28.226%	3,498,612.70
6/01/2032	Serial Zero	-	5.700%	3,417,505.00	12,950,000.00	26.390%	3,417,505.00
6/01/2033	Serial Zero	-	5.750%	3,335,145.00	13,530,000.00	24.650%	3,335,145.00
6/01/2034	Serial Zero	-	5.800%	3,250,182.60	14,130,000.00	23.002%	3,250,182.60
Total	-	-	-	20,740,399.05	76,240,000.00	-	20,740,399.05

BID INFORMATION

Par Amount of Bonds.....	\$20,740,399.05
Gross Production.....	\$20,740,399.05
Total Underwriter's Discount (0.650%).....	\$(134,812.59)
Bid (99.350%).....	20,605,586.46
Total Purchase Price.....	\$20,605,586.46
Bond Year Dollars.....	\$479,805.10
Average Life.....	23.134 Years
Average Coupon.....	11.5671136%
Net Interest Cost (NIC).....	11.5962110%
True Interest Cost (TIC).....	5.7076617%

Oppenheimer & Co, Inc.
Municipal Capital Markets Group

File = INDIANA BOND BANK - 8-20-08.SF-INDIANA BOND BANK - 8-20-08-Cap Apprec Bonds
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Indiana Bond Bank
Special Program Bonds
 (Carmel Junior Waterworks Project), Series 2008B

AVERAGE LIFE BY MATURITY

Maturity	Type	BOND YEARS (000)	/ ISSUANCE VALUE	= AVERAGE LIFE
6/01/2029	Serial	75,750.67	3,658,961.75	20.703 Years
6/01/2030	Serial	77,696.77	3,579,992.00	21.703 Years
6/01/2031	Serial	79,428.23	3,498,612.70	22.703 Years
6/01/2032	Serial	81,004.36	3,417,505.00	23.703 Years
6/01/2033	Serial	82,387.35	3,335,145.00	24.703 Years
6/01/2034	Serial	83,538.72	3,250,182.60	25.703 Years
Total	-	479,805.10	20,740,399.05	-

BID INFORMATION

Bond Year Dollars.....	\$479,805.10
Average Life.....	23.134 Years

Oppenheimer & Co, Inc.
 Municipal Capital Markets Group

File = INDIANA BOND BANK - 8-20-08.SF-INDIANA BOND BANK - 8-20-08-Cap Apprec Bonds
 8/20/2008 4:53 PM

Indiana Bond Bank <i>Special Program Bonds</i> <i>(Carmel Junior Waterworks Project), Series 2008B</i>					
OPERATION OF PROJECT CONSTRUCTION FUND					
Date	Principal	Rate	Receipts	Disbursements	Cash Balance
9/18/2008	20,249,000.00	-	20,249,000.00	20,249,000.00	-
Total	20,249,000.00	-	20,249,000.00	20,249,000.00	-

INVESTMENT PARAMETERS

Investment Model [FV, GIC, or Securities].....	GIC
Default investment yield target.....	User Defined
Cost of Investments Purchased with Bond Proceeds.....	20,249,000.00
Total Cost of Investments.....	\$20,249,000.00
Target Cost of Investments at bond yield.....	\$20,249,000.00
Yield to Receipt.....	-
Yield for Arbitrage Purposes.....	5.2296045%

Oppenheimer & Co, Inc.
Municipal Capital Markets Group

File = INDIANA BOND BANK - 8-20-08.SF-INDIANA BOND BANK - 8-20-08-Cap Apprec Bonds
8/20/2008 4:53 PM

Sponsor: John V. Accetturo,
W. Eric Seidensticker,
Richard L. Sharp

ORDINANCE D-1902-08

**AN ORDINANCE OF THE COMMON COUNCIL OF THE CITY OF CARMEL,
INDIANA AMENDING AND RESTATING THE SCHEDULE OF RATES AND
CHARGES COLLECTED BY THE WATER UTILITY
AS AMENDED**

WHEREAS, the City of Carmel, Hamilton County, Indiana (the "City"), is governed by the Mayor (the "Mayor") and the Common Council (the "Council"); and

WHEREAS, pursuant to Indiana Code § 8-1.5, *et. seq.*, the City owns, operates, manages and controls a water utility (the "Utility"); and

WHEREAS, the City's existing schedule of rates and charges for water service is codified within Chapter 9 of the Carmel City Code; and

WHEREAS, the Utility's costs are increasing and must be offset, in part, by increased rates and charges to cover those costs; and

WHEREAS, the Council is authorized to adopt, by ordinance, a nondiscriminatory, reasonable and just schedule of rates and charges for water; and

WHEREAS, the Council has determined that it is necessary to establish an amended and restated schedule of monthly rates and charges that produces sufficient revenue to meet the requirements of Indiana Code § 8-1.5-3-8; and

WHEREAS, the Council has further determined that in order to meet the statutory requirements for water utility rates, it is necessary that the rates and charges be increased for services rendered by the waterworks of the City; and

WHEREAS, the Council has caused a rate study (the "Rate Study") to be performed by the City's financial advisor, London Wilco; and

WHEREAS, the Council, after careful study and review of the Rate Study, has concluded that the new monthly rates and charges contemplated hereby are nondiscriminatory, reasonable and just;

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL, THAT:

Section 1. Incorporation of Recitals. The foregoing Recitals are incorporated herein by reference.

Section 2. Amended and Restated Schedule of Monthly Rates and Charges. Section 9-55 of Division IV of Chapter 9 of the City of Carmel Code of Ordinances shall be amended to read as follows:

§ 9-55 Monthly Metered Rates, Monthly Base Charges and Minimum Charges.

(a) *Monthly metered rates.*

(1) *Class A customers.* There are established for the use of and the service rendered by the waterworks system of the City to Class A customers, the following monthly metered rates and charges based on the use of water supplied by said waterworks system:

	<u>Cubic Feet</u>	<u>Gallons</u>	<u>Rate per 100 Cubic Feet</u>	<u>Rate per 1,000 Gallons</u>
First	1,500	11,000	\$1.30	\$1.72
Next	18,500	139,000	\$1.27	\$1.68
Next	80,000	600,000	\$1.20	\$1.59
Next	400,000	3,000,000	\$0.82	\$1.08
Over	500,000	3,750,000	\$0.59	\$0.78

(b) *Monthly base charges.*

(1) *Class A customers.* There are established for the use of and the service rendered by the waterworks system of the City to Class A customers, the following monthly base rates and charges based on the size of the meter(s) through which the customer receives service:

<u>Meter Size</u>	<u>Per Month</u>
5/8 Inch meter	\$7.55
1 Inch meter	10.00
1 1/2 Inch meter	17.25
2 Inch meter	24.00
3 Inch meter	46.85
4 Inch meter	73.11
6 Inch meter	113.00
8 Inch meter	167.00
10 Inch meter	221.00

(c) *Minimum charge.*

(1) *Class A customers.* Each Class A customer shall pay the greater of (i) the amount determined by combining the monthly metered rate(s) plus the monthly base charge(s) applicable to such customer as determined in subsections (a) and (b) above; or (ii) a minimum charge per month in accordance with the size of the meter installed as set forth below:

<u>Meter Size</u>	<u>Per Month</u>
5/8 Inch meter	\$7.55
1 Inch meter	14.87
1 1/2 Inch meter	33.98
2 Inch meter	55.22
3 Inch meter	116.81
4 Inch meter	169.90
6 Inch meter	371.67
8 Inch meter	679.62
10 Inch meter	899.41

(d) Charges for 5/8" meters for consumptions of 10,000 gallons or less

(1) The above schedule shall be modified for Class A customers receiving service through a 5/8" meter and utilizing 10,000 gallons or less per month so that the increase in their monthly bill shall not exceed \$4.55. Accordingly the charge at consumption levels 0 to 10,000 for these customers shall be as set forth below.

<u>Monthly Consumption in Thousands of Gal.</u>	<u>Per Month</u>
0	7.55
1	9.27
2	9.86
3	10.85
4	12.95
5	15.05
6	17.01
7	18.97
8	20.93
9	22.89
10	24.75

Section 3. Former Indianapolis Water customers. Any customers acquired by the City from Indianapolis Water (the "Acquired Customers") remain subject to the rates and charges approved by the Indiana Utility Regulatory Commission in its December 14, 2005 Order issued in Cause No. 42725 (the "Rate Order"). This Ordinance confirms and ratifies that the rates and charges applicable to Acquired Customers shall be those approved in the Rate Order. This Ordinance shall have no effect on Acquired Customers until the rate freeze approved in the Rate Order expires.

Section 4. Public Inspection of Schedule of Rates and Charges. A copy of the schedule of rates and charges shall be kept on file and available for public inspection in the offices of the Board of Public Works.

Section 5. Inconsistent Ordinances; Severability. All prior Ordinances or parts thereof inconsistent with any term or provision of this Ordinance are hereby repealed. If any one or more of the terms or provisions of this Ordinance shall be deemed by a court of competent jurisdiction to be contrary to law, then such term or provision shall be deemed severable from the remaining terms and shall in no way affect the validity of the other provisions of this Ordinance.

Section 6. Effective Date. This Ordinance shall be in full force and effect from and after its passage, execution by the Mayor and publication in accordance with the laws of the State of Indiana. The rates and charges herein approved shall be implemented in the next billing cycle of the Utility.

PASSED by the Common Council of the City of Carmel, Indiana this 4th day of August 2008, by a vote of 6 ayes and 1 nays.

COMMON COUNCIL FOR THE CITY OF CARMEL

[Signature]
Presiding Officer

[Signature]
Richard L. Sharp, President Pro Tempore

[Signature]
John V. Accetturo

[Signature]
Ronald E. Carter

OPPOSED
[Signature]
Joseph C. Griffiths

[Signature]
Kevin Rider

[Signature]
W. Eric Seidensticker

[Signature]
Luci Snyder

ATTEST:

[Signature]
Diana L. Cordray, IAMC, Clerk-Treasurer

Presented by me to the Mayor of the City of Carmel, Indiana this 11th day of August 2008, at 8:23 A.M.

[Signature]
Diana L. Cordray, IAMC, Clerk-Treasurer

Approved by me, Mayor of the City of Carmel, Indiana, this 11th day of August 2008, at 3:33 P.M.

[Signature]
James Brainard, Mayor

ATTEST:

[Signature]
Diana L. Cordray, IAMC, Clerk-Treasurer

This document was prepared by John Duffy, Utility Director, Carmel Utilities, 760 Third Avenue SW, Carmel, IN 46032
VERSION A - 8/4/08

SPONSORS: Councilors Accettura,
Seidensticker and Sharp

ORDINANCE A-95-08

AN ORDINANCE OF THE COMMON COUNCIL OF THE CITY OF CARMEL, INDIANA,
AMENDING CHAPTER 9, ARTICLE 2, DIVISION II, SECTION 9-35
OF THE CARMEL CITY CODE.

WHEREAS, the Common Council of the City of Carmel, Indiana, has heretofore adopted Ordinance No. A-77 amending Chapter 9, Article 2, Division II, Section 9-35, of the Carmel City Code; and

WHEREAS, the Common Council of the City of Carmel has been advised that the water connection fees need to be increased based upon a study completed by Carmel Utilities and their consulting engineers.

NOW, THEREFORE, BE IT ORDAINED, by the Common Council of the City of Carmel, Indiana, that:

Section 1. The foregoing Recitals are incorporated herein by this reference.

Section 2. Chapter 9, Article 2, Section 9-35 of the Carmel City Code is hereby amended and shall read as follows:

"Sect. 9-35. Individual Connections - Equivalent User Contribution Multiples.

Where an individual connection is sought for acreage or developed areas inside or outside the corporate limits of the City of Carmel, the following water users, listed by type of occupancy, shall pay a contribution to aid in construction of additional water supply, treatment, and storage facilities, into the City of Carmel "Water Connection-Facilities Fund", which is a depository for said contributions. The funds accumulated will be used to assist in financing the cost of construction and operations of the above described facilities when they are required. The "equivalent" user unit of (1) is based on a single-family residence and the "equivalent" user contribution is hereby initially fixed at Two Thousand Six Hundred Fifteen Dollars (\$2,615.00). The equivalent user contribution of Two Thousand Six Hundred Fifteen Dollars (\$2,615.00), as well as the multiplication factors listed below, may from time to time be updated and changed by the City.

**SPONSORS: Councilors Accettura,
Seidensticker and Sharp**

<u>EQUIVALENT USER CONTRIBUTION MULTIPLIER</u>	
<u>WATER USER</u>	<u>UNIT</u>
Airports	0.015/Passenger
Apartments	0.28 per Apartment
Barber Shop	0.30/Chair
Bars & Cocktail Lounges	0.10/Seat
Beauty Shops	0.90/Chair
Bowling Alley	0.40/Alley
Car Washes	0.80/sq. ft. Inside
Churches	0.008/Sanctuary Seat
Condos and Town Homes	0.54/Each - 1 Bedroom Unit
Condos and Town Homes	0.81/Each - 2 Bedroom Unit
Condos and Town Homes	1.00/Each - Over 2 Bedroom Unit
Dentist Office	0.25/ Chair
Drive-In Restaurant	0.40/ Car space
Drive-In Theaters	0.10/ Car space
Retail Space	1.0/per 1000 sq. ft.
W/Fountain Service, Add:	0.10/Seat
Duplex Residence	2.0
Institutions other than Hospitals	0.50/Bed
Laundrette	2.0/Machine
Mobile Home Park	0.70/Unit
Motels/Hotels	0.50/Room
Offices	0.5/per 1000 sq. ft.
Physicians Offices	0.60/Examining Room
Restaurant	0.10/Seat
Rooming Houses	0.30/Renter
Service Stations	0.70/Island
Single Family Residence & Condominiums	1.0
Swimming Pools	1.80/1000 sq. ft.
Theater	0.10/Seat

Contribution of users not listed will be computed based on estimated usage. Users listed above shall also be billed a monthly water rate according to established rates.

For the purpose of reviewing the unit contribution, the usage of a single-family residence will be considered as nine thousand (9,000) gallons per month."

SPONSORS: Councilors Acceturo,
Seidensticker and Sharp

Section 3. All City ordinances or parts thereof inconsistent with any provision of this Ordinance are hereby repealed, to the extent of such inconsistency only, as of the effective date of this Ordinance. However, the repeal or amendment by this Ordinance of any other ordinance does not affect any rights or liabilities accrued, penalties incurred or proceedings begun prior to the effective date of this Ordinance. Those rights, liabilities and proceedings are continued and penalties shall be imposed and enforced under such repealed or amended ordinance as if this Ordinance had not been adopted.

Section 4. Should any provision or portion of this Ordinance be declared by a court of competent jurisdiction to be invalid for any reason, the remaining provisions shall not be affected so long as they can, without the invalid provision, be given the effect intended by the Common Council in adopting this Ordinance. To this end, the provisions of this Ordinance are severable.

Section 5. This Ordinance shall be in full force and effect sixty (60) calendar days from and after proper passage, signing by the Mayor and such publication as is required by law.

PASSED by the Common Council of the City of Carmel, Indiana this 4th day of August 2008, by a vote of 6 ayes and 1 nays.

COMMON COUNCIL FOR THE CITY OF CARMEL

[Signature]
Presiding Officer

OPPOSED
Joseph C. Griffiths

[Signature]
Richard L. Sharp, President Pro Tempore

[Signature]
Kevin Rider

[Signature]
John V. Acceturo

[Signature]
W. Eric Seidensticker

[Signature]
Ronald E. Carter

[Signature]
Lucl Snyder

ATTEST:

[Signature]
Diana L. Cordray, IAMC, Clerk-Treasurer

SPONSORS: Councilors Accatturo,
Seidensticker and Sharp

Presented by me to the Mayor of the City of Carmel, Indiana this 11th day of August
2008, at 8:33 A.M.

Diana L. Cordray
Diana L. Cordray, I.A.M.C., Clerk/Treasurer

Approved by me, Mayor of the City of Carmel, Indiana, this 11th day of August 2008,
at 3:35 P.M.

James Brainard
James Brainard, Mayor

ATTEST:

Diana L. Cordray
Diana L. Cordray, I.A.M.C., Clerk/Treasurer

SPONSORS: Councilors Accettura,
Scidensticker and Sharp

ORDINANCE A-96-08

AN ORDINANCE OF THE COMMON COUNCIL OF THE CITY OF CARMEL, INDIANA,
AMENDING CHAPTER 9, ARTICLE 2, DIVISION II, SECTION 9-31(a)
OF THE CARMEL CITY CODE

WHEREAS, the Common Council of the City of Carmel, Indiana, has heretofore adopted Ordinance No. A-66 amending Chapter 9, Article 2, Section 9-31(a) of the Carmel City Code; and

WHEREAS, the Carmel Utilities Department has determined, pursuant to a study conducted by their consulting engineers, that the availability contributions, established as a cost per acre, need to be increased,

NOW, THEREFORE, BE IT ORDAINED, by the Common Council of the City of Carmel, Indiana, that:

Section 1. The foregoing Recitals are incorporated herein by this reference.

Section 2. Chapter 9, Article 2, Division II, Section 9-31(a) of the Carmel City Code is hereby amended and shall read as follows:

"Sect. 9-31. Permit: Acreage Cost.

(a) (1) From and after the effective date of this Ordinance, no extension to any City owned water supply transmission line or to any part of the City owned water distribution system shall be allowed until a permit is obtained and payment or satisfactory surety for payment as a contribution to aid in construction has been made into the City of Carmel "Water Main Extension Fund," which is a depository for said contributions. These payments designated as "availability contributions," shall be from time to time, updated and fixed by the City of Carmel but shall be established as an acreage cost based on the project cost of the transmission line(s), and/or existing system reinforcing, and operations necessary to provide adequate service to a service area or sub-area, as defined by the Board of Public Works and Safety, with the total cost to be divided by the total number of acres within the service area or sub-area. Provided, however, that the application-owners of real estate applying for the service shall make payment to the City Engineer or provide surety for such payment in accordance with costs set forth, by platted sections before they are signed per Ordinance No. Z-160 and recorded, but in no event shall any subdivision or final plats be signed per Ordinance No. Z-160 and recorded until satisfactory proof or surety of full payment of the contribution is on file with the Department of Community Development.

(2) The "availability contribution" will be allocated to and paid into the project costs of the specific off-site transmission line, on site distribution system oversizing, and/or existing system reinforcing, for which it is paid. Project costs, in all cases, shall expressly include construction costs, legal costs, engineering costs, construction inspection costs, and permit costs of projects administered by the Board of Public Works and Safety. All elements of the project costs must be disbursed by the City from the funds deposited as "availability contributions" for that specific project. If the entire contribution of the computed costs per acre is not needed for a specific development, the excess, if any, will remain in the fund to be disbursed as hereinafter provided.

SPONSORS: Councilors Accetturo,
Seidensticker and Sharp

(3) The "availability contributions" are hereby established at Two Thousand and Twenty Dollars (\$2,020.00) per acre. This "availability contribution" may from time to time be changed by the City of Carmel.³

The remaining portions of Chapter 9, Article 2, Division II, Section 9-31, are not affected by this Ordinance and remain in full force and effect.

Section 3. All prior Ordinances or parts thereof inconsistent with any provision of this Ordinance are hereby repealed as of the effective date of this Ordinance.

Section 4. Should any provision or portion of this Ordinance be declared by a court of competent jurisdiction to be invalid for any reason, the remaining provisions shall not be affected so long as they can, without the invalid provision, be given the effect intended by the Common Council in adopting this Ordinance. To this end, the provisions of this Ordinance are severable.

Section 5. This ordinance shall be in full force and effect sixty (60) calendar days from and after its proper passage, signing by the Mayor and such publication as is required by law.

PASSED by the Common Council of the City of Carmel, Indiana this 24th day of August 2008, by a vote of 7 ayes and 0 nays.

COMMON COUNCIL FOR THE CITY OF CARMEL

Richard L. Sharp
Presiding Officer

Joseph C. Griffiths
Joseph C. Griffiths

Kevin Rider
Kevin Rider

Richard L. Sharp
Richard L. Sharp, President Pro Tempore

John V. Accetturo
John V. Accetturo

W. Eric Seidensticker
W. Eric Seidensticker

Ronald E. Carter
Ronald E. Carter

Luci Snyder
Luci Snyder

ATTEST:

Diana L. Cordray
Diana L. Cordray, IAMC, Clerk-Treasurer

Carmel Municipal Water Utility

Carmel, Indiana

Comparative Statement of Net Income For the Twelve Months Ended December 31, 2006
and June 30, 2007 (Unaudited)

	12 Months Ending <u>12/31/2006</u>	12 Months Ending <u>6/30/2007</u>
Operating Revenues		
Metered Residential	\$ 3,191,185.27	\$ 3,378,076.37
Metered Water Acq. Area Residential	1,099,831.20	2,183,468.98
Metered Business	787,730.52	813,140.23
Metered Water Acq. Area Business	418,104.31	767,025.70
Unmetered	12,019.56	15,454.88
Public Fire Protection	957,973.04	957,973.04
Private Fire Protection	54,120.26	62,567.27
Sales for Resale	104,457.04	95,412.77
Misc Service Revenues		266.00
Other Water Revenues	8,145.00	10,900.70
Connection Charges	79,800.00	84,160.00
Installation Charges	14,230.00	14,760.00
NSF Charges	9,760.00	10,740.00
Reconnection Charges	2,960.00	3,445.00
Total Operating Revenues	<u>6,740,316</u>	<u>8,397,390</u>
Operating Expenses		
SS Operations	451,100	451,361
SS Maintenance	193,349	113,307
WT Operations	1,780,008	1,908,859
WT Maintenance	146,558	259,141
T&D Operation	60,645	82,514
T&D Maintenance	1,217,894	1,519,959
Customer Accounts	473,023	533,147
Admin & Gen	666,402	659,077
Payroll Taxes	144,711	157,795
IGIT Utility Receipts Tax	80,939	103,314
Taxes Other Than IT	156,340	168,837
Depreciation	1,462,295	1,462,295
Total Operating Expenses	<u>6,833,263</u>	<u>7,419,607</u>
Net Operating Income (Loss)	\$ (92,946)	\$ 977,783
Non Operating Income		
Interest Income	380,998	582,410
Non-Utility Income	32,774	32,418
Amorization Debt Premium	95,674	250,834
Total Non Operating Income	<u>509,446</u>	<u>865,662</u>
Non Operating Expenses		
Interest Expense	1,513,714	2,236,796
Amort of Debt Discount & Expense	76,021	77,755
Loss on Disposal of Assets	130,398	149,619
Total Non Operating Expenses	<u>1,720,133</u>	<u>2,464,160</u>
Net Income (Loss)	<u>\$ (1,303,633)</u>	<u>\$ (620,715)</u>

APPENDIX C

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APPENDIX C

APPROVING OPINION OF BOND BANK BOND COUNSEL

September 22, 2008

Indiana Bond Bank
Indianapolis, Indiana

Re: Indiana Bond Bank
Special Program Bonds (Carmel Junior Waterworks Project), Series 2008 B

Ladies and Gentlemen:

We have acted as bond counsel to the Indiana Bond Bank (the “Issuer”) in connection with the issuance by the Issuer of its Special Program Bonds (Carmel Junior Waterworks Project), Series 2008 B, dated September 22, 2008 (the “Bonds”), in the aggregate principal amount of \$84,317,740.20 (Issued Amount with respect to any Capital Appreciation Bonds (as such terms are defined in the Indenture)), pursuant to Indiana Code 5-1.5, as amended, and the Trust Indenture, dated as of September 1, 2008 (the “Indenture”), between the Issuer and Wells Fargo Bank, N.A., as trustee. In such capacity, we have examined such law and such certified proceedings, certifications and other documents as we have deemed necessary to render this opinion.

Regarding questions of fact material to our opinion, we have relied on representations of the Issuer contained in the Indenture, the certified proceedings and other certifications of public officials furnished to us, and certifications, representations and other information furnished to us by or on behalf of the Issuer, the Series 2008 B Qualified Entity (as defined in the Indenture) and others, including, without limitation, certifications contained in the tax and arbitrage certificate of the Issuer, dated the date hereof, and the tax and arbitrage certificate of the Series 2008 B Qualified Entity, dated the date hereof, without undertaking to verify the same by independent investigation. We have relied upon the legal opinion of Bingham McHale LLP, Indianapolis, Indiana, special counsel to the 2008 B Qualified Entity, and the legal opinion of Taft Stettinius & Hollister LLP, Indianapolis, Indiana, special counsel to the Issuer, both dated the date hereof, as to the matters stated therein. We have relied upon the report of London Witte Group LLC, Indianapolis, Indiana, independent certified public accountants, dated the date hereof, as to the matters stated therein.

Based on the foregoing, we are of the opinion that, under existing law:

1. The Issuer is a body corporate and politic validly existing under the laws of the State of Indiana (the “State”), with the corporate power to enter into the Indenture and perform its obligations thereunder and to issue the Bonds.
2. The Bonds have been duly authorized, executed and delivered by the Issuer and are valid and binding limited obligations of the Issuer, enforceable in accordance with their terms. The Bonds are payable solely from the Trust Estate (as defined in the Indenture).

3. The Indenture has been duly authorized, executed and delivered by the Issuer and is a valid and binding obligation of the Issuer, enforceable against the Issuer in accordance with its terms.

4. Under Section 103 of the Internal Revenue Code of 1986, as amended and in effect on this date (the "Code"), interest on the Bonds is excludable from gross income for federal income tax purposes. The opinion set forth in this paragraph is subject to the condition that each of the Issuer and the Series 2008 B Qualified Entity comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. Each of the Issuer and the Series 2008 B Qualified Entity has covenanted or represented that it will comply with such requirements. Failure to comply with certain of such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

5. Interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations.

6. Interest on the Bonds is exempt from income taxation in the State for all purposes, except the State financial institutions tax.

We express no opinion herein as to the accuracy, completeness or sufficiency of the Official Statement, dated September 16, 2008, or any other offering material relating to the Bonds.

We express no opinion regarding any tax consequences arising with respect to the Bonds, other than as expressly set forth herein.

With respect to the enforceability of any document or instrument, this opinion is subject to the qualifications that: (i) the enforceability of such document or instrument may be limited by bankruptcy, insolvency, reorganization, receivership, moratorium, fraudulent conveyance and similar laws relating to or affecting the enforcement of creditors' rights; (ii) the enforceability of equitable rights and remedies provided for in such document or instrument is subject to judicial discretion, and the enforceability of such document or instrument may be limited by general principles of equity; (iii) the enforceability of such document or instrument may be limited by public policy; and (iv) certain remedial, waiver and other provisions of such document or instrument may be unenforceable, provided, however, that, in our opinion, the unenforceability of those provisions would not, subject to the other qualifications set forth herein, affect the validity of such document or instrument or prevent the practical realization of the benefits thereof.

This opinion is given only as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,

APPENDIX D

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APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following is a summary of certain additional provisions of the Indenture not otherwise discussed in this Official Statement. This summary is qualified in its entirety by reference to the Indenture. Capitalized terms in this summary not defined in this Official Statement will have the meanings set forth in the Indenture.

Definitions

The following are definitions of certain terms used herein and elsewhere in this Official Statement.

“Accounts” means the accounts created pursuant to Article VI of the Indenture, except those accounts within the Rebate Fund.

“Accreted Value” means, with respect to any Bond that is a Capital Appreciation Bond, an amount equal to the principal amount of such Capital Appreciation Bond (determined on the basis of the initial principal amount per \$5,000 at maturity thereof) plus the amount assuming compounding (as set forth in the Indenture with respect to the Series 2008 B Capital Appreciation Bonds or in the applicable Supplemental Indenture with respect to any other Capital Appreciation Bonds) of earnings which would be produced on the investment of such initial principal amount, beginning on the dated date of such Capital Appreciation Bond and ending at the maturity date thereof, at a yield which, if produced until maturity, will produce \$5,000 at maturity. As of any Valuation Date, the Accreted Value of any Series 2008 B Capital Appreciation Bond will mean the Compounded Amount and the Accreted Value of any other Capital Appreciation Bond will mean the amount set forth for such date in the applicable Supplemental Indenture authorizing such Bond. The Accreted Value of any Capital Appreciation Bond as of any date other than a Valuation Date, will mean the sum of (i) the Accreted Value on the preceding Valuation Date and (ii) the product of (1) a fraction, the numerator of which is the number of days having elapsed from the preceding Valuation Date and the denominator of which is the number of days from such preceding Valuation Date to the next succeeding Valuation Date, using for such calculation 30 day months and a 360 day year and (2) the difference between the Accreted Values for such Valuation Dates.

“Act” means the provisions of Indiana Code 5-1.5, as from time to time amended.

“Authorized Officer” means the Chairman, the Vice Chairman or the Executive Director of the Bond Bank or such other person or persons who are duly authorized to act on behalf of the Bond Bank.

“Bankruptcy Code” means the Bankruptcy Reform Act of 1978, as amended from time to time.

“Bond Bank” means the Indiana Bond Bank, a body corporate and politic, not a State agency, but an independent public instrumentality of the State exercising essential public functions, or any successor to its functions.

“Bondholder” or “holder of Bonds” or “owner of Bonds” or any similar term means the registered owner of any Bond.

“Bond Issuance Expense Account” means the account by that name created by Section 6.02 of the Indenture.

“Bonds” means the Series 2008 B Bonds and any Refunding Bonds.

“Capital Appreciation Bonds” means any Bonds as to which interest is payable only at the maturity thereof; for the purposes of computing the principal amount of Capital Appreciation Bonds held by the Registered Owner thereof in giving any notice, consent, request, or demand pursuant to the applicable authorizing instrument for any

purpose whatsoever, the principal amount of a Capital Appreciation Bond as of a specific date will be deemed to be its Accreted Value as of such date.

“Cash Flow Certificate” means a certificate prepared by an accountant or firm of accountants in accordance with Section 5.11 of the Indenture concerning anticipated Revenues and payments.

“City” means the City of Carmel, Indiana.

“Clearing Agency” means initially The Depository Trust Company, and its successors and assigns, including any surviving, resulting or transferee corporation, or any successor corporation that may be appointed in a manner consistent with the Indenture and will include any direct or indirect participants of The Depository Trust Company.

“Code” means the Internal Revenue Code of 1986 in effect on the date of issuance of the Series 2008 B Bonds, and the applicable regulations or rulings promulgated or proposed thereunder, and any successor thereto.

“Compounded Amount” means the Compounded Amount, from time to time, of the Series 2008 B Capital Appreciation Bonds, as determined in Section 4.07.

“Costs of Issuance” means items of expense payable or reimbursable directly or indirectly by the Bond Bank and related to the authorization, sale and issuance of the Bonds, which items of expense will include, but not be limited to, printing costs, costs of reproducing documents, filing and recording fees, initial fees and charges of the Trustee, underwriter’s discounts, legal fees and charges, professional consultants’ fees, costs of credit ratings, fees and charges for the execution, transportation and safekeeping of the Bonds, bond or reserve fund insurance premiums, credit enhancements (including Credit Facilities) or liquidity facility fees, and other costs, charges and fees in connection with the foregoing.

“Counsel” means an attorney duly admitted to practice law before the highest court of any state and approved by the Bond Bank.

“Credit Facility” means any letter of credit, revolving credit agreement, surety bond, insurance policy or other agreement or instrument.

“Credit Provider” means the issuer of any Credit Facility and its successor in such capacity and their assigns. To qualify under the Indenture, the Credit Provider providing such Credit Facility will be either:

(i) an insurer whose municipal bond insurance policies insuring the payment, when due, of the principal of and interest on municipal bond issues results in such issues being rated in a rating category that is at least as high as the rating assigned to the Bonds by the rating agency or agencies rating the Bonds; or

(ii) a bank or trust company which at the time of issuance of such Credit Facility has an outstanding, unsecured, uninsured and unguaranteed debt issue rated in a rating category that is at least as high as the rating assigned to the Bonds by the rating agency or agencies rating the Bonds.

“Current Interest Bonds” means all Bonds which are not Capital Appreciation Bonds.

“Default” means an event or condition, the occurrence of which, with the lapse of time or the giving of notice or both, would become an Event of Default hereunder.

“Event of Default” means any occurrence of an event specified in Section 10.01 of the Indenture.

“Fees and Charges” means fees and charges established by the Bond Bank from time to time pursuant to the Act which are payable by the Series 2008 B Qualified Entity.

“Fiscal Year” means the twelve-month period from July 1 through the following June 30.

“Funds” means the funds created pursuant to Article VI of the Indenture (other than the Rebate Fund).

“General Account” means the account by that name created by Section 6.02 of the Indenture.

“General Fund” means the fund by that name created by Section 6.02 of the Indenture.

“Governmental Obligations” means: (a) direct obligations (other than an obligation subject to variation in principal repayment) of the United States of America (“United States Treasury Obligations”); (b) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by the United States of America; (c) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by any agency or instrumentality of the United States of America when such obligations are backed by the full faith and credit of the United States of America; or (d) evidences of ownership of proportionate interests in future interest and principal payments on obligations described above held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor, and the underlying government obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated.

“Indenture” means the Trust Indenture between the Indiana Bond Bank and Wells Fargo Bank, N.A., as Trustee, and all supplements and amendments thereto entered into pursuant to Article XII of the Indenture.

“Interest Accretion Date” means each June 1 and December commencing June 1, 2009, with respect to the Series 2008 B Capital Appreciation Bonds.

“Interest Payment Date” means June 1 and December 1, commencing June 1, 2009, with respect to the Current Interest Bonds.

“Investment Earnings” means earnings and profits (after consideration of any accrued interest paid and/or amortization of premium or discount on the investment) on the moneys in the Funds and Accounts established under the Indenture.

“Investment Securities” means any of the following:

- (a) Governmental Obligations;
- (b) Federal Housing Administration debentures;
- (c) The listed obligations of government-sponsored agencies which are not backed by the full faith and credit of the United States of America:
 - (i) Federal Home Loan Mortgage Corporation (FHLMC);
 - (ii) participation certificates (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts) - senior debt obligations;
 - (iii) Farm Credit Banks (formerly: Federal Land Banks, Federal Intermediate Credit Banks and Banks for Cooperatives) consolidated system-wide bonds and notes;
 - (iv) Federal Home Loan Banks (FHL Banks) consolidated debt obligations;
 - (v) Federal National Mortgage Association (FNMA) senior debt obligations and mortgage-backed securities (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts);

(vi) Student Loan Marketing Association (SLMA) senior debt obligations (excluded are securities that do not have a fixed par value and/or whose terms do not promise a fixed dollar amount at maturity or call date);

(vii) Financing Corporation (FICO) debt obligations; and

(viii) Resolution Funding Corporation (REFCORP) debt obligations;

(d) unsecured certificates of deposit, time deposits and bankers' acceptances (having maturities of not more than 30 days) of any bank, the short-term obligations of which are rated "A-1" or better by S&P;

(e) deposits, the aggregate amount of which are fully insured by the Federal Deposit Insurance Corporation (FDIC), in banks which have capital and surplus of at least \$5 million;

(f) commercial paper (having original maturities of not more than 270 days) rated "A-1+" by S&P and "Prime-1" by Moody's;

(g) money market funds rated "AAm" or "AAm-G" by S&P, or better;

(h) "State Obligations," which means:

(i) direct general obligations of any state of the United States of America or any subdivision or agency thereof to which is pledged the full faith and credit of a state, the unsecured general obligation debt of which is rated "A3" by Moody's and "A" by S&P, or better, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose unsecured general obligation debt is so rated;

(ii) direct general short-term obligations of any state agency or subdivision or agency thereof described in (i) above and rated "A-1+" by S&P and "MIG-1" by Moody's; and

(iii) special revenue bonds (as defined in the Bankruptcy Code) of any state, state agency or subdivision described in (i) above and rated "AA" or better by S&P and "Aa" or better by Moody's;

(i) pre-refunded municipal obligations rated "AAA" by S&P and "Aaa" by Moody's meeting the following requirements:

(i) the municipal obligations are (1) not subject to redemption prior to maturity or (2) the trustee for the municipal obligations has been given irrevocable instructions concerning their call and redemption and the issuer of the municipal obligations has covenanted not to redeem such municipal obligations other than as set forth in such instructions;

(ii) the municipal obligations are secured by cash or United States Treasury Obligations, which may be applied only to payment of the principal of, interest and premium on such municipal obligations;

(iii) the principal of and interest on the United States Treasury Obligations (plus any cash in the escrow) has been verified by the report of independent certified public accountants to be sufficient to pay in full all principal of, interest, and premium, if any, due and to become due on the municipal obligations ("Verification");

(iv) the cash or United States Treasury Obligations serving as security for the municipal obligations are held by an escrow agent or trustee in trust for owners of the municipal obligations;

(v) no substitution of a United States Treasury Obligation will be permitted except with another United States Treasury Obligation and upon delivery of a new Verification; and

(iv) the cash or United States Treasury Obligations are not available to satisfy any other claims, including those by or against the trustee or escrow agent;

(j) repurchase agreements with: (1) any domestic bank, or domestic branch of a foreign bank, the long term debt of which is rated at least "A" by S&P and Moody's; or (2) any broker-dealer with "retail customers" or a related affiliate thereof which broker-dealer has, or the parent company (which guarantees the provider) of which has, long-term debt rated at least "A" by S&P and Moody's, which broker-dealer falls under the jurisdiction of the Securities Investors Protection Corporation; or (3) any other entity rated "A" or better by S&P and Moody's and acceptable to the Insurer, provided that:

(i) the market value of the collateral is maintained at levels and upon such conditions as would be acceptable to S&P and Moody's to maintain an "A" rating in an "A" rated structured financing (with a market value approach);

(ii) the Trustee or a third party acting solely as agent therefor or for the Bond Bank (the "Holder of the Collateral") has possession of the collateral or the collateral has been transferred to the Holder of the Collateral in accordance with applicable state and federal laws (other than by means of entries on the transferor's books);

(iii) the repurchase agreement will state and an opinion of counsel will be rendered at the time such collateral is delivered that the Holder of the Collateral has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof (in the case of bearer securities, this means the Holder of the Collateral is in possession);

(iv) all other requirements of S&P in respect of repurchase agreements will be met; and

(v) the repurchase agreement will provide that if during its term the provider's rating by either Moody's or S&P is withdrawn or suspended or falls below "A-" by S&P or "A3" by Moody's, as appropriate, the provider must, at the direction of the Bond Bank or the Trustee (who will give such direction if so directed by the Series 2008 B Bond Insurer), within 10 days of receipt of such direction, repurchase all collateral and terminate the agreement, with no penalty or premium to the Bond Bank or the Trustee;

notwithstanding the above, if a repurchase agreement has a term of 270 days or less (with no evergreen provision), collateral levels need not be as specified in (i) above, so long as such collateral levels are 103% or better and the provider is rated at least "A" by S&P and Moody's, respectively;

(k) investment agreements with a domestic or foreign bank or corporation (other than a life or property casualty insurance company), the long-term debt of which, or, in the case of a guaranteed corporation, the long-term debt, or, in the case of a monoline financial guaranty insurance company, the claims paying ability, of the guarantor, is rated at least "AA" by S&P and "Aa" by Moody's; provided that, by the terms of the investment agreement:

(i) interest payments are to be made to the Trustee at times and in amounts as necessary to pay debt service on the Series 2008 B Bonds;

(ii) the invested funds are available for withdrawal without penalty or premium, at any time upon not more than seven days' prior notice, and the Bond Bank and the Trustee hereby agree to give or cause to be given notice in accordance with the terms of the investment agreement so as to receive funds thereunder with no penalty or premium paid;

(iii) the investment agreement **will** state that it is the unconditional and general obligation of, and is not subordinated to any other obligation of, the provider thereof or, if the provider is a bank, the agreement or the opinion of counsel **will** state that the obligation of the provider to make payments thereunder ranks *pari passu* with the obligations of the provider to its other depositors and its other unsecured and unsubordinated creditors;

(iv) the Bond Bank or the Trustee receives the opinion of domestic counsel (which opinion **will** be addressed to the Bond Bank and the Series 2008 B Bond Insurer) that such investment agreement is legal, valid, binding and enforceable upon the provider in accordance with its terms and of foreign counsel (if applicable) in form and substance acceptable, and addressed to, the Bond Bank and addressed to, the Series 2008 B Bond Insurer;

(v) the investment agreement **will** provide that if during its term:

(A) the provider's rating by either S&P or Moody's falls below "AA-" or "Aa3," respectively, the provider will, at its option, within 10 days of receipt of publication of such downgrade, either: (i) collateralize the investment agreement by delivering or transferring in accordance with applicable state and federal laws (other than by means of entries on the provider's books) to the Bond Bank, the Trustee or a third party acting solely as agent therefor (the "Holder of the Collateral") collateral free and clear of any third-party liens or claims, the market value of which collateral is maintained at levels and upon such conditions as would be acceptable to S&P and Moody's to maintain an "A" rating in an "A" rated structured financing (with a market value approach); or (ii) repay the principal of and accrued but unpaid interest on the investment; and

(B) the provider's rating by either S&P or Moody's is withdrawn or suspended or falls below "A-" or "A3," respectively, the provider must, at the direction of the Bond Bank or the Trustee (who will give such direction if so directed by the Series 2008 B Bond Insurer), within 10 days of receipt of such direction, repay the principal of and accrued but unpaid interest on the investment, in either case with no penalty or premium to the Bond Bank or the Trustee;

(vi) the investment agreement will state and an opinion of counsel will be rendered, in the event collateral is required to be pledged by the provider under the terms of the investment agreement, at the time such collateral is delivered, that the Holder of the Collateral has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof (in the case of bearer securities, this means the Holder of the Collateral is in possession); and

(vii) the investment agreement must provide that if during its term:

(A) the provider will default in its payment obligations, the provider's obligations under the investment agreement will, at the direction of the Bond Bank or the Trustee (who will give such direction if so directed by the Series 2008 B Bond Insurer), be accelerated and amounts invested and accrued but unpaid interest thereon will be repaid to the Bond Bank or the Trustee, as appropriate; and

(B) the provider will become insolvent, not pay its debts as they become due, be declared or petition to be declared bankrupt, etc. ("event of insolvency"), the provider's obligations will automatically be accelerated and amounts invested and accrued but unpaid interest thereon will be repaid to the Bond Bank or the Trustee, as appropriate; and

(l) investment deposit agreements constituting an obligation of a bank, as defined by the Indiana Bank Act (including the Trustee and its affiliates), whose outstanding unsecured long-term debt is rated at the time of such agreement in any of the three highest rating categories by S&P and Moody's.

"Issued Amount" means the initial value of the Series 2008 B Capital Appreciation Bonds at the date of issuance.

"Maturity Amount" means the value of the Series 2008 B Capital Appreciation Bonds at their stated maturity date.

"Moody's" means Moody's Investors Service or any successor thereto.

“Notice Address” means, with respect to the Qualified Entity, the Qualified Entity’s address given in connection with the sale of its Qualified Obligations to the Bond Bank, and, with respect to the Bond Bank, the Trustee and the Series 2008 B Bond Insurer:

Bond Bank: Indiana Bond Bank
2980 Market Tower
10 W. Market St.
Indianapolis, IN 46204
Attention: Chairman

Trustee: Wells Fargo Bank, N.A.
300 N. Meridian Street, 12th Floor
Indianapolis, IN 46204
Attention: Corporate Trust Services

Series 2008 B Bond Insurer: FSA—Municipal Oversight (Water and Sewer)
31 West 52nd Street
New York, New York 10019

“Opinion of Bond Counsel” means an Opinion of Counsel by a nationally recognized firm experienced in matters relating to the tax exemption for interest payable on obligations of states and their instrumentalities and political subdivisions under federal law and which is acceptable to the Bond Bank and the Trustee.

“Opinion of Counsel” means a written opinion of Counsel addressed to the Trustee, for the benefit of the owners of the Bonds, who may (except as otherwise expressly provided in the Indenture) be Counsel to the Bond Bank or Counsel to the owners of the Bonds and who is acceptable to the Trustee.

“Outstanding” or “Bonds Outstanding” means all Bonds which have been authenticated and delivered by the Trustee under the Indenture, including Bonds held by the Bond Bank, except:

- (i) Bonds canceled after purchase in the open market or because of payment at or redemption prior to maturity;
- (ii) Bonds deemed paid under Article IX of the Indenture; and
- (iii) Bonds in lieu of which other Bonds have been authenticated under Section 3.04, 3.05 or 3.10 of the Indenture.

“Principal Payment Date” means the maturity date or the mandatory sinking fund redemption date of any Bond.

“Program” means the program for purchasing Qualified Obligations by the Bond Bank pursuant to the Act.

“Program Expenses” means all of the fees and expenses of the Trustee and costs of determining the amount rebatable, if any, to the United States of America under Section 6.09 of the Indenture, all to the extent properly allocable to the Program.

“Purchase Agreement” means a Qualified Entity Purchase Agreement between the Bond Bank and a Qualified Entity, pursuant to which one or more Qualified Obligations are sold to the Bond Bank.

“Qualified Entity” means an entity defined in Indiana Code 5-1.5-1-8, as amended from time to time, including the Series 2008 B Qualified Entity.

“Qualified Obligation” means a Security (as that term is defined in the Act), including the Series 2008 B Qualified Obligations, which has been acquired by the Bond Bank pursuant to the Indenture.

“Qualified Obligation Payment” means the amounts paid or required to be paid, from time to time, for the principal of and interest on a Qualified Obligation held by the Trustee pursuant to the Indenture.

“Rebate Fund” means the fund by that name created by Section 6.02 of the Indenture.

“Record Date” means, with respect to any Interest Payment Date, the fifteenth day of the calendar month preceding such Interest Payment Date.

“Redemption Account” means the account by that name created by Section 6.02 of the Indenture.

“Redemption Price” means, with respect to any Bond, the principal amount thereof (or, in the case of capital appreciation bonds, the compounded amount), plus the applicable premium, if any, payable upon redemption prior to maturity.

“Refunding Bonds” means Bonds issued pursuant to Section 2.05 of the Indenture and any Supplemental Indenture.

“Revenues” means the Funds and Accounts and all income, revenues and profits of the Funds and Accounts referred to in the granting clauses of the Indenture, including, without limitation, all Qualified Obligation Payments.

“S&P” means Standard & Poor’s Ratings Services, a Division of The McGraw-Hill Companies, or any successor thereto.

“Series of Bonds” or “Bonds of a Series” or “Series” or words of similar meaning means any Series of Bonds authorized by the Indenture or by a Supplemental Indenture.

“Series 2008 B Bond Insurance Policy” means the insurance policy issued by the Series 2008 B Bond Insurer guaranteeing the scheduled payment of the principal of and interest on the Series 2008 B Bonds when due.

“Series 2008 B Bond Insurer” means Financial Security Assurance Inc.

“Series 2008 B Bonds” means any of the Special Program Bonds (Carmel Junior Waterworks Project), Series 2008 B, issued pursuant to Section 2.02 of the Indenture.

“Series 2008 B Capital Appreciation Bonds” means any of the Series 2008 B Bonds described in Section 2.02(c) of the Indenture.

“Series 2008 B Current Interest Bonds” means any of the Series 2008 B Bonds described in Section 2.02(b) of the Indenture.

“Series 2008 B Qualified Entity” means the City.

“Series 2008 B Qualified Obligations” means the Junior Waterworks Revenue Bonds, Series 2008, dated September 1, 2008, and issued by the Series 2008 B Qualified Entity.

“State” means the State of Indiana.

“Supplemental Indenture” means an indenture supplemental to or amendatory of the Indenture, executed by the Bond Bank and the Trustee in accordance with Article XII of the Indenture.

“Trustee” means Wells Fargo Bank, N.A., or any successor thereto hereunder.

“Trust Estate” means the property, rights and amounts pledged and assigned to the Trustee pursuant to the granting clauses of the Indenture.

“Valuation Date” means with respect to any Bonds that are Capital Appreciation Bonds, the date or dates set forth in the Indenture with respect to the Series 2008 B Capital Appreciation Bonds or in the applicable Supplemental Indenture with respect to any other Capital Appreciation Bonds on which specific Accreted Values are assigned to such Bonds.

Revenues, Funds And Accounts

A. Creation of Funds and Accounts.

The Indenture establishes the following Funds and Accounts to be held by the Trustee:

1. General Fund-comprised of the following:
 - (a) General Account
 - (b) Redemption Account
 - (c) Bond Issuance Expense Account; and
2. Rebate Fund

B. Deposit of Net Proceeds of Bonds, Revenues and Other Receipts.

The Trustee will deposit the net proceeds from the sale of each series of Bonds, as follows:

- (a) Into the General Account, accrued interest, if any, on such series of Bonds;
- (b) Into the Bond Issuance Expense Account an amount sufficient to pay the Costs of Issuance incurred or anticipated to be incurred in connection with a particular series of Bonds (other than the Underwriters’ discount); and
- (c) Into the General Account the remainder of the net proceeds of the Bonds.

The Trustee will deposit all Revenues and all other receipts (except the proceeds of any series of bonds and money received by the Bond Bank from the sale or redemption of Qualified Obligations) into the General Account of the General Fund or such other Funds or Accounts as provided in the Indenture or any Supplemental Indenture and will deposit any money received from the sale or redemption prior to maturity of Qualified Obligations into the Redemption Account.

Operation Of Funds And Accounts

A. General Fund.

1. General Account. The Trustee will disburse the amounts held in the General Account for the following purposes, and, in the event of insufficient funds to make all of such required disbursements, in the following order of priority:

- (a) On the date of initial delivery of the Bonds and upon submission of duly authorized written requisitions of an Authorized Officer stating that all requirements for the purchase of Qualified Obligations under the Act and the Indenture have been met, to the Series 2008 B Qualified Entity for the purchase of the Series 2008 B Qualified Obligations.
- (b) On or before 10:00 a.m., in the city in which the Trustee is located, on the business day next preceding each Interest Payment Date, such amount as may be necessary to pay the principal and interest coming due on the Bonds outstanding under the Indenture on such Interest Payment Date.

(c) As necessary and in accordance with the Indenture, such amounts, as may be necessary to pay the reasonable Program Expenses, but only to the extent contemplated in the most recent Cash Flow Certificate.

(d) On or before 30 days after each anniversary of the issuance of the Bonds, the amounts, determined in writing by the Bond Bank, to be transferred to the Rebate Fund.

(e) After making such deposits and disbursements, the Trustee will retain such remaining amounts in the General Account to be used from time to time for the purposes set forth in subsections (a) through (d). Upon final maturity of the Bonds, any money remaining in the General Account, which is not needed to pay any of the costs set forth in subsections (a) through (d) in connection with the final maturity of the Bonds will be transferred within 30 days after such final maturity to the Series 2008 B Qualified Entity. No such moneys will be so transferred unless the Bond Bank provides the Trustee with a Cash Flow Certificate to the effect that after such transfer, Revenues expected to be received, together with moneys expected to be held in the Funds and Accounts, other than the Rebate Fund, will at least equal debt service, together with Program Expenses, if any.

2. Redemption Account. The Trustee will deposit in the Redemption Account all moneys received upon the sale or optional or mandatory redemption prior to maturity of the Qualified Obligations and all other moneys required to be deposited therein, and will invest such funds pursuant to Article VIII of the Indenture and will disburse the funds held in the Redemption Account as follows:

(a) On the fifteenth day of each month, to the General Account an amount equal to the principal which would have been payable during the following month if such Qualified Obligations had not been sold or redeemed prior to maturity;

(b) On the second business day next preceding each Interest Payment Date if moneys in the General Account are not sufficient to make the payments of principal and interest required to be made on such date, the Trustee will transfer to the General Account moneys in the Redemption Account not already committed under Section 4.02 of the Indenture to the redemption of Current Interest Bonds for which notice of redemption has been given; and

(c) After provision has been made for the payments required under paragraph (a) and (b), moneys in the Redemption Account may be (i) used to redeem Current Interest Bonds of such maturity or maturities as directed by an Authorized Officer if such Current Interest Bonds are then subject to redemption, (ii) to the extent there are any excess moneys in the Redemption Account, transferred to the General Account, (iii) used to purchase Current Interest Bonds of such maturity or maturities as directed by an Authorized Officer at the most advantageous price obtainable with reasonable diligence, whether or not such Current Interest Bonds will then be subject to redemption, or (iv) make investments of such moneys until the payment of Current Interest Bonds at their maturity or maturities as directed by an Authorized Officer in accordance with Article VIII of the Indenture. Such price may not, however, exceed the Redemption Price which would be payable on the next ensuing date on which the Current Interest Bonds so purchased are redeemable according to their terms, unless the Bond Bank provides the Trustee with a Cash Flow Certificate to the effect that the purchase at a price in excess of the Redemption Price will not result in Revenues, together with moneys expected to be held in the Funds and Accounts, being less than an amount equal to debt service on all Bonds, along with Program Expenses, if any. The Trustee will pay the interest accrued on the Current Interest Bonds so purchased to the date of delivery thereof from the General Account and the balance of the purchase price from the Redemption Account, but no such purchase will be made by the Trustee within the period of sixty (60) days next preceding an Interest Payment Date or a date on which such Current Interest Bonds are subject to redemption under the provisions of the Indenture. The Trustee will deliver the Current Interest Bonds so purchased to the Registrar within five (5) days from the date of delivery to the Trustee.

(d) In the event the Trustee is unable to purchase Current Interest Bonds in accordance with and under the foregoing provisions of clause (iii) of subparagraph (c) hereof, then, subject to any restrictions on redemption set forth herein, the Trustee will call for redemption on the next ensuing redemption date such amount of Current Interest Bonds of such maturity or maturities as directed by an Authorized Officer as, at the Redemption Price thereof, will exhaust the Redemption Account as nearly as may be possible. Such redemption will be made pursuant to the provisions of Article IV of the Indenture. The Trustee will pay the interest accrued on the Current Interest Bonds so redeemed to the date of redemption from the General Account and the Redemption Price from the Redemption Account.

The Trustee may, upon written direction from the Bond Bank, transfer any moneys in the Redemption Account to the General Account if the Bond Bank provides the Trustee with a Cash Flow Certificate to the effect that after such transfer and after any transfer from the General Account to the Bond Bank, Revenues, together with moneys expected to be held in the Funds and Accounts, will at least equal debt service on all Outstanding Bonds along with Program Expenses, if any.

3. Bond Issuance Expense Account. The Trustee will deposit in the Bond Issuance Expense Account the moneys required to be deposited therein pursuant to Section 2.03 hererof, will invest such funds pursuant to Article VIII of the Indenture and will disburse the funds held in the Bond Issuance Expense Account as follows:

(a) Upon receipt of invoices or requisitions certified by the Executive Director of the Bond Bank, to pay the Costs of Issuance of the Bonds or to reimburse the Bond Bank for amounts previously advanced for such costs; and

(b) On March 1, 2009, any funds remaining in the Bond Issuance Expense Account will be transferred to the General Account of the General Fund.

B. Rebate Fund.

The Rebate Fund will be established to comply with the provisions of Section 148 of the Code concerning the rebate of certain arbitrage earnings to the United States. Deposits into the Rebate Fund and disbursements from the Rebate Fund will be made as provided by the Indenture and as required by federal tax law applicable to the particular series of Bonds. The Rebate Fund is not subject to the lien of the Indenture and do not constitute a Fund or Account for purposes of the Indenture.

So long as any of the Bonds are Outstanding and the Bond Bank is subject to a rebate obligation under the Code, the Bond Bank covenants to establish and maintain the Rebate Fund and to comply with the instructions relating to its ongoing rebate responsibilities delivered on the date of initial delivery of the of Bonds. Such instructions will set forth procedures which may be amended from time to time.

C. Amounts Remaining in Funds.

Any amounts remaining in any Fund or Account after full payment of the Bonds and the fees, charges (including any required rebate to the United States of America) and expenses of the Trustee will be distributed to the Series 2008 B Qualified Entity, except as provided in Section 3.08 of the Indenture.

D. Investment of Funds.

Any moneys held as part of any Fund or Account created under or pursuant to Article VI of the Indenture will be invested or reinvested by the Trustee as continuously as reasonably possible in such Investment Securities as may be directed in writing by the Bond Bank (such direction to be confirmed in writing); provided, however, in the absence of such direction, the Trustee will invest in a money market fund, including a proprietary money market fund, which meets the requirements of Investment Securities. 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 and Accounts may be commingled for the purpose of investment or deposit. The Trustee and the Bond Bank agree that all investments

hereunder and all instructions of the Bond Bank to the Trustee with respect thereto will be made in accordance with prudent investment standards reasonably expected to produce the greatest investment yields while seeking to preserve principal without causing any of the Bonds to be arbitrage bonds as defined in Section 148 of the Code.

All investments will be a part of the Fund or Account from which moneys were used to acquire such investments, and all Investment Earnings on such investments will be deposited as received in the General Account, except for income and profits on investment of funds in the Rebate Fund which will remain in the Rebate Fund. Any investment income, gains or losses will be charged to the Fund or Account in which moneys used to purchase such investment had been deposited. The Trustee will not be liable for investment losses. Moneys in any Funds or Accounts will be invested in Investment Securities with maturity dates (or redemption dates determinable at the option of the owner of such Investment Securities) coinciding as nearly as practicable with the times at which moneys in such Funds or Accounts will be required for transfer or disbursement under the Indenture. The Trustee will sell and reduce to cash sufficient amounts of such Investment Securities in a Fund or Account as may be necessary to make up a deficiency in any amounts required to be distributed from such Fund or Account.

Bond Bank Covenants

The Bond Bank covenants and agrees that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in the Indenture, in any and every Bond executed, authenticated and delivered hereunder and in all of its proceedings pertaining thereto. The Bond Bank covenants and represents that it is duly authorized under the constitution and laws of the State, including particularly the Act, to issue the Bonds authorized hereby and to execute the Indenture and to pledge the Revenues and all 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 Bonds and the execution and delivery of the Indenture has been duly and effectively taken; and that the Bonds in the hands of the owners thereof are and will be valid and enforceable limited obligations of the Bond Bank according to the terms thereof and of the Indenture.

In order to provide for the payment of the principal of, premium, if any, and interest on the Bonds and Program Expenses, the Bond Bank will, from time to time, with all practical dispatch and in a sound and economical manner consistent in all respects with the Act, the provisions of the Indenture and sound banking practices and principles, (i) do all such acts and things as will be necessary to receive and collect the Revenues (including enforcement of the prompt collection of all arrears on Qualified Obligation Payments), and (ii) diligently enforce, and take all steps, actions and proceedings reasonably necessary in the judgment of the Bond Bank to protect its rights with respect to or to maintain any insurance on Qualified Obligations and to enforce all terms, covenants and conditions of Qualified Obligations, including the collection, custody and prompt application of all payments required by the terms of a Qualified Obligation for the purposes for which they were made. Whenever necessary in order to provide for the payment of the Bonds, the Bond Bank will commence appropriate remedies with respect to any Qualified Obligation which is in default.

With respect to the Qualified Obligations purchased by the Bond Bank, the Bond Bank covenants as follows:

(a) The Bond Bank covenants and agrees that it will not permit or agree to any material change in the Qualified Obligations (other than one for which consent by the Bond Bank is not required), unless the Bond Bank supplies the Trustee with a Cash Flow Certificate to the effect that, after such change, Revenues expected to be received in each Fiscal Year, together with moneys expected to be held in the Funds and Accounts, will at least equal the debt service on all Outstanding Bonds, together with any Program Expenses, in each such Fiscal Year.

(b) Only to the extent that such action would not adversely affect the validity of the Qualified Obligations or other obligations of a Qualified Entity, the Bond Bank will pursue the remedy set forth in the Act, including particularly Indiana Code 5-1.5-8-5, as amended, for the collection of deficiencies in Qualified Obligation Payments on any Qualified Obligation by the collection of such deficiencies out of certain State funds payable but not yet paid to a defaulting Qualified Entity.

(c) The Bond Bank covenants and agrees that it will enforce or authorize the enforcement of all remedies available to owners or holders of Qualified Obligations, unless the Bond Bank provides the Trustee with a Cash Flow Certificate to the effect that, if such remedies are not enforced, Revenues expected to be received in each Fiscal Year, together with moneys expected to be held in the Funds and Accounts, will at least equal the debt service due on all Outstanding Bonds in each such Fiscal Year; provided, however, that decisions as to the enforcement of remedies will be within the sole discretion of the Trustee.

(d) The Bond Bank covenants and agrees that it will not sell or dispose of any Qualified Obligations, unless the Bond Bank provides to the Trustee a Cash Flow Certificate to the effect that, after such sale, Revenues expected to be received in each Fiscal Year, together with moneys expected to be held in the Funds and Accounts, minus any proceeds of such sale or disposition to be transferred from any Fund or Account, will at least equal the debt service due on all Outstanding Bonds, together with any Program Expenses, in each such Fiscal Year. Proceeds of such sales will be invested only in Governmental Obligations or in Qualified Obligations which the Bond Bank is permitted to purchase under the Indenture or disbursed as provided in Section 6.06 of the Indenture.

Cash Flow Certificates and Verifications

At any time that the provisions of the Indenture require that a Cash Flow Certificate be prepared, such certificate will set forth:

(a) the Revenues expected to be received on all Qualified Obligations purchased with proceeds of the Bonds or with Revenues expected to be available for the purpose of financing the purchase of additional Qualified Obligations;

(b) all other Revenues, including the interest to be earned and other income to be derived from the investment of the Funds and Accounts and the rate or yields used in estimating such amounts;

(c) all moneys expected to be in the Funds and Accounts; and

(d) the debt service due on all Bonds expected to be Outstanding during each Fiscal Year;
and

(e) the amount, if any, of Program Expenses expected to be paid from the Revenues.

In making any Cash Flow Certificate, the accountant or firm of accountants may contemplate the payment or redemption of Bonds for the payment or redemption of which amounts have been set aside in the Redemption Account. The issuance of Bonds, the making of transfers from one Fund to another and the deposit of amounts in any Fund from any other source may be contemplated in a Cash Flow Certificate only to the extent that such issuance, deposit or transfer has occurred prior to or will occur substantially simultaneously with the delivery of such Cash Flow Certificate. The accountant or firm of accountants will also supply supporting schedules appropriate to show the sources and applications of funds used, identifying particularly amounts to be transferred between Funds, amounts to be applied to the redemption or payment of Bonds and amounts to be used to provide for Costs of Issuance, the debt service reserve and capitalized interest, if any, for the respective Series. In the case of each annual Cash Flow Certificate, the amounts of existing Qualified Obligations, existing Investment Securities and existing cash will be the amounts as of the last day of the preceding Fiscal Year. In the case of any other Cash Flow Certificate, such amounts will be the amounts as of the last day of the month preceding the month in which the Cash Flow Certificate is delivered, but will be adjusted to give effect to scheduled payments of principal of and interest on Qualified Obligations, actual payments or proceeds with respect to Investment Securities and actual expenditures of cash expected by the Bond Bank through the end of the then current month.

Tax Covenants and Reliance on Opinions

The Bond Bank covenants that it will not take any action or fail to take any action with respect to the Bonds, that would result in the loss of the excludability of the interest on any of the Bonds from gross income for federal income tax purposes pursuant to Section 103 of the Code, nor will the Bond Bank act in any other manner which would adversely affect such excludability, and it will not make any investment or do any other act or thing during the period that the Bonds are Outstanding which would cause any of the Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code, all as in effect on the date of delivery of the particular Series of Bonds.

It will not be an Event of Default under the Indenture if the interest on any of the Bonds is not excludable from gross income for federal income tax purposes or otherwise pursuant to any provision of the Code which is not currently in effect and in existence on the date of the issuance of such Bonds.

In making any determination regarding the covenants, the Bond Bank may rely on an Opinion of Bond Counsel.

Notwithstanding any provision of the Indenture to the contrary, the Bond Bank may elect to issue a series of Bonds, the interest on which is not excludable from gross income for federal tax purposes, by making such election on the date of delivery of such series of Bonds. In such case, the tax covenants will not apply to such series of Bonds.

Accounts and Reports

The Bond Bank will keep proper books of records and accounts in which complete and correct entries will be made of its transactions relating to the Program and the Funds and Accounts established by the Indenture and to the Rebate Fund. Such books and all other books and papers of the Bond Bank and all Funds and Accounts and the Rebate Fund will, at all reasonable times, be subject to the inspection of the Trustee and the owners of an aggregate of not less than 5% in principal amount of Bonds then Outstanding or their representatives duly authorized in writing.

Before the twentieth day of each month or as directed by the Bond Bank (but not less than quarterly), the Trustee will provide the Bond Bank with a statement of the amounts on deposit in each Fund and Account as of the last day of the preceding month and the total deposits to and withdrawals from each Fund and Account during the preceding month.

Covenant to Monitor Investments

The Bond Bank covenants and agrees to regularly review the investments held by the Trustee in the Funds and Accounts for the purpose of assuring that the Revenues derived from such investments are sufficient, together with other anticipated Revenues, to provide for the payment of the debt service on Outstanding Bonds.

Discharge of Indenture

If payment or provision for payment is made, to the Trustee, of the principal of and interest due and to become due on the Bonds at the times and in the manner stipulated therein, and there is paid or caused to be paid to the Trustee all sums of money due and to become due according to the provisions hereof, then the Trust Estate and rights thereby granted will cease, terminate and be void, whereupon the Trustee will cancel and discharge the lien of the Indenture, and execute and deliver to the Bond Bank such instruments in writing as will be requisite to cancel and discharge the lien thereof, and release, assign and deliver to the Bond Bank the estate, right, title and interest in and to any and all rights assigned or pledged to the Trustee thereby or otherwise subject to the lien of the Indenture, except moneys or securities held by the Trustee for the payment of the principal of and interest on the Bonds. Any Bond will be deemed to be paid within the meaning of the Indenture when (a) payment of the principal of such Bond and interest thereon to the due date thereof (whether such due date will be by reason of maturity or upon redemption as provided in the Indenture or otherwise), either (i) will have been made or caused to have been made in accordance

with the terms thereof, or (ii) will have been provided for by irrevocably depositing with the Trustee, in trust and exclusively for such payment, (1) moneys (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized by Governmental Obligations) sufficient to make such payment or (2) Governmental Obligations maturing as to principal and interest in such amounts and at such times, without consideration of any reinvestment thereof, as will insure the availability of sufficient moneys to make such payment, or (3) a combination of such moneys and Governmental Obligations, and (b) all necessary and proper fees and expenses of the Trustee pertaining to the Bonds, including the amount, if any, required to be rebated to the United States of America, with respect to which such deposit is made, will have been paid or deposited with the Trustee.

Defaults and Remedies

A. Events of Default.

Any of the following events constitutes an “Event of Default” under the Indenture:

- (a) The Bond Bank defaults in the due and punctual payment of any interest on any Bond;
- (b) The Bond Bank defaults in the due and punctual payment of the principal of any Bond, whether at stated maturity or on any date fixed for mandatory sinking fund redemption;
- (c) The Bond Bank fails to make required remittances to the Trustee within the time limits prescribed in the Indenture;
- (d) The Bond Bank defaults in carrying out any of its other covenants, agreements or conditions contained in the Indenture or in the Bonds and fails to remedy such Event of Default within 30 days after receipt of notice, all in accordance with the Indenture;
- (e) Any warranty, representation or other statement by or on behalf of the Bond Bank contained in the Indenture or in any instrument furnished in compliance with or in reference to the Indenture is found to be false or misleading in any material respect when made and there has been a failure to remedy such Event of Default within 30 days after receipt of notice, all in accordance with the Indenture;
- (f) A petition is filed against the Bond Bank to the extent such petition may be filed under applicable law, under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect, and is not dismissed within 60 days after such filing;
- (g) The Bond Bank files a petition, to the extent such petition may be filed under applicable law, in voluntary bankruptcy or seeking relief under any provisions of any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect, or consents to the filing of any petition against it under such law;
- (h) The Bond Bank is generally not paying its debts as such debts become due, or becomes insolvent or bankrupt or makes an assignment for the benefit of creditors, or liquidator or trustee of the Bond Bank or any of its property is appointed by court order or takes possession and such order remains in effect or such possession continues for more than 60 days; or
- (i) The Bond Bank is rendered incapable of fulfilling its obligations under the Indenture for any reason.

B. Trustee’s Rights and Remedies.

Upon the occurrence of an Event of Default, the Trustee will notify the Series 2008 B Bond Insurer and the Owners of Bonds of such Event of Default and upon receiving the express written consent of the Series 2008 B

Bond Insurer with respect to exercising any such remedies in connection with the Bonds if the Series 2008 B Bond Insurance Policy is in full force and effect at such time will 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 Outstanding Bonds, including enforcement of any rights of the Bond Bank or the Trustee under the Qualified Obligations;

(b) The Trustee may by action or suit in equity require the Bond Bank to account as if it were the trustee of an express trust for the owners of the Bonds and may take such action with respect to the Qualified Obligations as the Trustee deems necessary or appropriate and in the best interest of the Owners of Bonds, subject to the terms of those Qualified Obligations;

(c) Upon the filing of a suit or other commencement of judicial proceedings to enforce any rights of the Trustee and of the Owners of Bonds under the Indenture, the Trustee will be entitled, as a matter of right, to the appointment of a receiver or receivers of the Trust Estate and of the Revenues, issues, earnings, income, products and profits thereof, pending such proceedings, with such powers as the court making such appointment will confer; and

(d) the Trustee may declare the principal of and accrued interest on all Bonds to be due and payable immediately in accordance with the provisions of the Indenture and the Act, by notice to the Bond Bank and the Attorney General of the State.

If an Event of Default has occurred, if requested to do so in writing by the owners of 25% or more in aggregate principal amount of Outstanding Bonds and if indemnified as provided in the Indenture, the Trustee will be obligated to exercise such of the rights, remedies and powers conferred by the Indenture, as the Trustee, being advised by Counsel, deems most expedient in the interests of the owners of the Bonds; provided, however, that if the Series 2008 B Bond Insurance Policy is in full force and effect, the Trustee must receive the express written consent of the Series 2008 B Bond Insurer before exercising any such right or remedy in connection with the Bonds.

The Owners of a majority in aggregate principal amount of Outstanding Bonds will have the right, at any time during the continuance of an Event of Default, by a written instrument or instruments 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 the Indenture or for the appointment of a receiver or any other proceedings under the Indenture. However, such direction may not be otherwise than in accordance with the provisions of law and of the Indenture.

C. Waivers of Events of Default.

At its discretion, the Trustee may waive any Event of Default and its consequences, and must do so upon the written request of the owners of (i) more than 66 2/3% in aggregate principal amount of all the Bonds then Outstanding in respect of which an Event of Default in the payment of principal or interest exists or (ii) more than 50% in aggregate principal amount of all Bonds then Outstanding in the case of any other Event of Default. However, there may not be waived (A) any Event of Default in the payment of the principal of any Outstanding Bond at the specified date of maturity or (B) any Event of Default in the payment when due of the interest on any Outstanding Bond unless, prior to the waiver, all arrears of interest or principal due, as the case may be, with interest on overdue principal at the rate borne by such Bond, and all expenses of the Trustee in connection with the Event of Default have been paid or provided for. In case of any such waiver, or in case any proceeding taken by the Trustee on account of any such Event of Default has been discontinued or abandoned or determined adversely, then the Bond Bank, the Trustee and the owners of Bonds will be restored to their former respective positions and rights under the Indenture. No waiver will extend to any subsequent or other Event of Default or impair any rights consequent thereon. Notwithstanding the foregoing, for so long as the Series 2008 B Bond Insurance Policy remains in full force and effect, the Series 2008 B Bond Insurer will have the sole right to grant any waiver of any Event of Default with respect to the Bonds.

D. Rights and Remedies of Owners of Bonds.

No owner of any Bond will have any right to institute any proceeding at law or in equity for the enforcement of the Indenture or for the execution of any trust thereof or for the appointment of a receiver or any other remedy under the Indenture, unless (i) an Event of Default has occurred, (ii) the owners of not less than 25% in aggregate principal amount of Bonds then Outstanding have made written request to the Trustee and have offered the Trustee reasonable opportunity either to proceed to exercise the remedies granted in the Indenture or to institute such action, suit or proceeding in its own name, (iii) such owners of Bonds have offered to indemnify the Trustee, as provided in the Indenture, and (iv) the Trustee has refused, or for 60 days after receipt of such request and offer of indemnification has failed, to exercise the remedies granted in the Indenture or to institute such action, suit or proceeding in its own name. All proceedings at law or in equity must be carried out as provided in the Indenture and for the equal and ratable benefit of the owners of all Outstanding Bonds. However, nothing contained in the Indenture will affect or impair the right of any owner of Bonds to enforce the payment of the principal of and interest on any Bond at and after its maturity, or the limited obligation of the Bond Bank to pay the principal of and interest on each of the Bonds to the respective owners of the Bonds at the time and place, from the source and in the manner expressed in the Bonds. Notwithstanding the foregoing, for so long as the Series 2008 B Bond Insurance Policy remains in full force and effect, the Series 2008 B Bond Insurer will control all proceedings and the exercise of all rights or remedies with respect to the Bonds.

Nonpresentment of Bonds

In the event any Bond is not presented for payment when the principal thereof becomes due, either at maturity, or at the date fixed for redemption thereof, or as set forth in any Supplemental Indenture regarding deemed tenders or redemptions or otherwise, and if funds sufficient to pay such Bond have been made available to the Trustee for the benefit of the owner thereof, all liability of the Bond Bank to the owner thereof for the payment of such Bond will cease, terminate and be completely discharged, and thereupon it will be the duty of the Trustee to hold such funds uninvested for five (5) years, for the benefit of the owner of such Bond, without liability for interest thereon to such owner, who will thereafter be restricted exclusively to such funds, for any claim of whatever nature on his part under the Indenture or on, or with respect to, such Bond.

Any money so deposited with and held by the Trustee in trust for the payment of the principal of and interest on the Bonds and remaining unclaimed by any Bondholder for five (5) years after the due date of such principal or interest, will be applied by the Trustee in accordance with the Unclaimed Property Act, Indiana Code 32-34-1, as amended from time to time. Prior to the transfer of any such moneys to the Attorney General of the State in accordance with the Unclaimed Property Act, the Trustee will conduct searches in an effort to locate lost Bondholders using reasonable care to ascertain the correct addresses of all lost Bondholders in accordance with the rules governing registered transfer agents promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended, but only if and so long as the Trustee is a registered transfer agent under those rules. Upon the transfer of such moneys to the Attorney General of the State in accordance with the Unclaimed Property Act, the Bond Bank and the Trustee will have no further responsibility or liability with respect to such moneys, and the Bondholders entitled to such principal or interest will look only to the State for payment, to the extent provided by law, and then only to the extent of the amounts so received by the State, without any interest thereon.

Other Obligations Payable from Revenues

The Bond Bank will grant no liens or encumbrances on or security interests in (other than those created by the Indenture), and, except for the Bonds, will issue no bonds or other evidences of indebtedness payable from, the Trust Estate.

Limitations on Obligations of Bond Bank

The Bonds, together with interest thereon, will be obligations of the Bond Bank payable solely from the Revenues of the Bond Bank and will be a valid claim of the respective owners thereof only against the Funds and Accounts established hereunder and the Qualified Obligations acquired by the Trustee, all of which are hereby assigned and pledged hereunder for the equal and ratable payment of the Bonds and will be used for no other purpose than the payment of the Bonds, except as may be otherwise expressly authorized in the Indenture. The Bonds do not constitute a debt or liability of the State or of any political subdivision thereof under the constitution of the State or a pledge of the faith and credit of the State or any political subdivision thereof, but will be payable solely from the Revenues and funds pledged therefor in accordance with the Indenture. The issuance of the Bonds under the provisions of the Act does not directly, indirectly or contingently, obligate the State or any political subdivision thereof to levy any form of taxation for the payment thereof or to make any appropriation for their payment and such Bonds and the interest payable thereon do not now and will never constitute a debt of the State or any political subdivision thereof within the meaning of the constitution of the State or the statutes of the State and do not now and will never constitute a charge against the credit or taxing power of the State or any political subdivision thereof. Neither the State nor any agent, attorney, member or employee of the State or the Bond Bank will in any event be liable for the payment of the principal of, and premium, if any, or interest on the Bonds or damages, if any, for the nonperformance of any pledge, mortgage, obligation or agreement of any kind whatsoever which may be undertaken by the Bond Bank. No breach by the Bond Bank of any such pledge, mortgage, obligation or agreement may impose any liability, pecuniary or otherwise, upon the State or any of the State's or the Bond Bank's agents, members, attorneys and employees or any charge upon the general credit of the State or a charge against the taxing power of the State or any political subdivision thereof.

Immunity of Officers and Directors

No recourse will be had for the payment of the Bonds or for any claim based thereon or upon any obligation, covenant or agreement contained in the Indenture against any past, present or future officer, member, director, trustee, agent or employee of the Bond Bank or any officer, member, director, trustee, agent or employee of any successor entities thereto, as such, either directly or through the Bond Bank or any successor entities, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such officers, members, directors, trustees, agents or employees as such, is hereby expressly waived and released as a condition of and consideration for the execution of the Indenture and issuance of such Bonds.

Supplemental Indentures

The Bond Bank and the Trustee may, with the consent of the Series 2008 B Bond Insurer for so long as the Series 2008 B Bond Insurance Policy remains in full force and effect, but without the consent of, or notice to, any of the owners of Bonds, enter into any indenture or indentures supplemental to the Indenture for any one or more of the following purposes:

- (a) To cure any ambiguity, formal defect or omission in the Indenture;
- (b) To grant to or confer upon the Trustee for the benefit of the owners of Bonds any additional benefits, rights, remedies, powers or authorities that may lawfully be granted to or conferred upon the owners of Bonds or the Trustee;
- (c) To subject to the Indenture additional Revenues, security, properties or collateral;
- (d) To modify, amend or supplement the Indenture or any supplemental indenture in order to permit qualification under the Trust Indenture Act of 1939 or any similar federal statute hereafter in effect or to permit the qualification of the Bonds 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 the Bond Bank and the Trustee so determine, to add to the Indenture or to any Supplemental Indenture such other terms, conditions and provisions as may be permitted to the Trust Indenture Act of 1939 or similar federal statute which the Trustee, having

relied on an opinion of Counsel, determines will not have a material adverse effect on the interest of the Bondholders;

(e) To give evidence of the appointment of a separate or co-trustee or the succession of a new Trustee under the Indenture or the succession of a new Registrar or Paying Agent;

(f) To provide for the issuance of each series of Additional Bonds to the extent permitted by the Indenture, other than the Bonds;

(g) To provide for the refunding of all or a portion of the Bonds issued under the Indenture; and

(h) To amend the Indenture to permit the Bond Bank to comply with any future federal tax law or any covenants contained in any Supplemental Indenture with respect to compliance with future federal tax law.

With the exception of Supplemental Indentures for the purposes set forth in the preceding paragraph and subject to the terms of the Indenture, the owners of not less than a majority of the principal amount of the Bonds then Outstanding which are affected (other than Bonds held by the Bond Bank) have the right, from time to time, to consent to and approve the execution by the Bond Bank and the Trustee of any Supplemental Indenture or Indentures deemed necessary and desirable by the Trustee for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Indenture or in any Supplemental Indenture but only with the express written consent of the Series 2008 B Bond Insurer for so long as the Series 2008 B Bond Insurance Policy remains in full force and effect. However, no Supplemental Indenture may permit or be construed as permitting, without the consent of the owners of all then Outstanding Bonds and the Series 2008 B Bond Insurer for so long as the Series 2008 B Bond Insurance Policy remains in full force and effect, (i) an extension of the maturity dates of the principal of or the interest on, or the redemption dates of, any Bonds, or (ii) a reduction in the principal amount of any Bond or a change in the redemption premium or the rate of interest on any Bond, or (iii) a privilege or priority of any Bond or Bonds over any other Bond or Bonds, or (iv) a reduction in the aggregate principal amount of the Bonds required for consent to such Supplemental Indenture, or (v) the creation of any lien securing any Bonds, other than a lien ratably securing all of the Bonds at any time Outstanding, or (vi) a reduction in the Debt Service Reserve Requirement, or (vii) any modification of the trusts, powers, rights, obligations, duties, remedies, immunities and privileges of the Trustee without the written consent of the Trustee.

Trustee

By executing the Indenture, the Trustee accepts the trusts and duties imposed upon it by the Indenture, and agrees to perform such trusts and duties but only upon and subject to the express terms and conditions of the Indenture.

The Trustee covenants and agrees to retain or cause its agent to retain possession of each Qualified Obligation and a copy of the transcript or documents related thereto and release them only in accordance with the provisions of the Indenture. The Bond Bank and the Trustee covenant and agree that all books and documents in their possession relating to the Qualified Obligations will at all times be open to inspection by such accountants or other agencies or persons as the Bond Bank or the Trustee may from time to time designate.

The Trustee and any successor Trustee may at any time resign from the trusts created by the Indenture by giving 30 days' written notice by registered or certified mail to the Bond Bank and the owner of each Bond issued under the Indenture, and such resignation will take effect upon the appointment of a successor Trustee and acceptance of such appointment by the successor Trustee. Upon resignation of the Trustee, the Bond Bank will, as soon as practicable, appoint a successor Trustee. If the Bond Bank fails to appoint a successor Trustee, the Trustee may petition the appropriate court to appoint a successor Trustee.

The Trustee may be removed at any time with or without cause by an instrument or concurrent instruments in writing delivered to the Trustee and to the Bond Bank and signed by the owners of a majority in aggregate principal amount of all Bonds then Outstanding or their attorneys-in-fact duly authorized. Notice of the removal of

the Trustee will be given as provided above. So long as no Event of Default, or an event which with the passage of time would become an Event of Default, has occurred and is continuing, the Trustee may be removed at any time by resolution of the Bond Bank filed with the Trustee.

In case the Trustee resigns or is removed, or is dissolved, or is in course of dissolution or liquidation, or otherwise becomes incapable of acting under the Indenture, or in case it is 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 Bonds then Outstanding under the Indenture by an instrument or concurrent instruments in writing signed by such owners, or by their attorneys-in-fact duly authorized, a copy of which will be delivered personally or sent by registered mail to the Bond Bank. Nevertheless, in case of such vacancy the Bond Bank by resolution may appoint a temporary Trustee to fill such vacancy. Within ninety days after such appointment, the Bondholders may appoint a successor Trustee; and any such temporary Trustee so appointed by the Bond Bank will become the successor Trustee if no appointment is made by the Bondholders within such period but in the event an appointment is made by the Bondholders, will immediately and without further act be superseded by any Trustee so appointed by such Bondholders. Notice of the appointment of a temporary or successor Trustee will be given in the same manner provided above with respect to the resignation of a Trustee. Every such Trustee so appointed will be a trust company or bank having a reported capital and surplus of not less than \$75,000,000, if there is such an institution willing, qualified and able to accept the trust upon reasonable or customary terms.

APPENDIX E

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APPENDIX E

**TABLE OF ACCRETED VALUES OF 2008 B CAPITAL APPRECIATION BONDS
PER \$5,000**

Yield	5.6100167%	5.6601529%	5.7201160%	5.7601053%	5.7800068%	5.7901672%
	Value of					
	June 1, 2029	June 1, 2030	June 1, 2031	June 1, 2032	June 1, 2033	June 1, 2034
<u>Date</u>	<u>Maturity</u>	<u>Maturity</u>	<u>Maturity</u>	<u>Maturity</u>	<u>Maturity</u>	<u>Maturity</u>
September 22, 2008	\$1,591.40	\$1,489.90	\$1,390.50	\$1,302.20	\$1,224.45	\$1,153.70
December 1, 2008	1,608.37	1,505.92	1,405.61	1,316.45	1,237.90	1,166.39
June 1, 2009	1,653.48	1,548.54	1,445.81	1,354.37	1,273.67	1,200.16
December 1, 2009	1,699.86	1,592.37	1,487.16	1,393.37	1,310.48	1,234.90
June 1, 2010	1,747.54	1,637.43	1,529.70	1,433.50	1,348.35	1,270.66
December 1, 2010	1,796.56	1,683.77	1,573.45	1,474.79	1,387.32	1,307.44
June 1, 2011	1,846.95	1,731.43	1,618.45	1,517.26	1,427.41	1,345.29
December 1, 2011	1,898.76	1,780.43	1,664.74	1,560.96	1,468.67	1,384.24
June 1, 2012	1,952.02	1,830.81	1,712.35	1,605.92	1,511.11	1,424.32
December 1, 2012	2,006.78	1,882.63	1,761.33	1,652.17	1,554.78	1,465.55
June 1, 2013	2,063.07	1,935.91	1,811.70	1,699.75	1,599.72	1,507.98
December 1, 2013	2,120.94	1,990.70	1,863.52	1,748.70	1,645.95	1,551.64
June 1, 2014	2,180.43	2,047.03	1,916.81	1,799.07	1,693.52	1,596.56
December 1, 2014	2,241.59	2,104.97	1,971.64	1,850.88	1,742.46	1,642.78
June 1, 2015	2,304.47	2,164.54	2,028.03	1,904.19	1,792.81	1,690.34
December 1, 2015	2,369.11	2,225.80	2,086.03	1,959.03	1,844.63	1,739.28
June 1, 2016	2,435.56	2,288.79	2,145.69	2,015.45	1,897.94	1,789.63
December 1, 2016	2,503.88	2,353.56	2,207.06	2,073.50	1,952.79	1,841.44
June 1, 2017	2,574.11	2,420.17	2,270.18	2,133.22	2,009.22	1,894.75
December 1, 2017	2,646.32	2,488.66	2,335.11	2,194.65	2,067.29	1,949.61
June 1, 2018	2,720.55	2,559.09	2,401.90	2,257.86	2,127.03	2,006.05
December 1, 2018	2,796.86	2,631.52	2,470.59	2,322.89	2,188.51	2,064.13
June 1, 2019	2,875.31	2,705.99	2,541.25	2,389.79	2,251.75	2,123.89
December 1, 2019	2,955.96	2,782.57	2,613.93	2,458.62	2,316.83	2,185.37
June 1, 2020	3,038.88	2,861.32	2,688.69	2,529.42	2,383.79	2,248.64
December 1, 2020	3,124.12	2,942.30	2,765.59	2,602.27	2,452.68	2,313.74
June 1, 2021	3,211.75	3,025.57	2,844.69	2,677.22	2,523.56	2,380.73
December 1, 2021	3,301.84	3,111.20	2,926.05	2,754.33	2,596.49	2,449.65
June 1, 2022	3,394.46	3,199.24	3,009.73	2,833.65	2,671.53	2,520.57
December 1, 2022	3,489.67	3,289.79	3,095.82	2,915.26	2,748.74	2,593.54
June 1, 2023	3,587.56	3,382.89	3,184.36	2,999.22	2,828.18	2,668.63
December 1, 2023	3,688.19	3,478.63	3,275.43	3,085.60	2,909.91	2,745.89
June 1, 2024	3,791.64	3,577.08	3,369.11	3,174.47	2,994.01	2,825.38
December 1, 2024	3,898.00	3,678.31	3,465.47	3,265.90	3,080.53	2,907.18
June 1, 2025	4,007.34	3,782.41	3,564.58	3,359.96	3,169.56	2,991.35
December 1, 2025	4,119.74	3,889.45	3,666.53	3,456.72	3,261.16	3,077.95
June 1, 2026	4,235.30	3,999.53	3,771.40	3,556.28	3,355.41	3,167.06
December 1, 2026	4,354.10	4,112.72	3,879.26	3,658.70	3,452.38	3,258.75
June 1, 2027	4,476.24	4,229.11	3,990.21	3,764.07	3,552.15	3,353.09
December 1, 2027	4,601.79	4,348.80	4,104.33	3,872.48	3,654.81	3,450.17
June 1, 2028	4,730.87	4,471.87	4,221.72	3,984.01	3,760.44	3,550.05
December 1, 2028	4,863.58	4,598.43	4,342.46	4,098.75	3,869.11	3,652.83
June 1, 2029	5,000.00	4,728.57	4,466.66	4,216.80	3,980.93	3,758.58
December 1, 2029	-	4,862.39	4,594.41	4,338.25	4,095.98	3,867.39
June 1, 2030	-	5,000.00	4,725.81	4,463.19	4,214.35	3,979.36
December 1, 2030	-	-	4,860.97	4,591.73	4,336.15	4,094.56
June 1, 2031	-	-	5,000.00	4,723.98	4,461.46	4,213.10
December 1, 2031	-	-	-	4,860.03	4,590.40	4,335.08
June 1, 2032	-	-	-	5,000.00	4,723.06	4,460.58
December 1, 2032	-	-	-	-	4,859.56	4,589.72
June 1, 2033	-	-	-	-	5,000.00	4,722.60
December 1, 2033	-	-	-	-	-	4,859.32
June 1, 2034	-	-	-	-	-	5,000.00

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APPENDIX F

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APPENDIX F

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

	FINANCIAL SECURITY ASSURANCE®	MUNICIPAL BOND INSURANCE POLICY
ISSUER:		Policy No.: -N
BONDS:		Effective Date:
		Premium: \$

FINANCIAL SECURITY ASSURANCE INC. ("Financial Security"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of Financial Security, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which Financial Security shall have received Notice of Nonpayment, Financial Security will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by Financial Security, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in Financial Security. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by Financial Security is incomplete, it shall be deemed not to have been received by Financial Security for purposes of the preceding sentence and Financial Security shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, Financial Security shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by Financial Security hereunder. Payment by Financial Security to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of Financial Security under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless Financial Security shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment

made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to Financial Security which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

Financial Security may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to Financial Security pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to Financial Security and shall not be deemed received until received by both and (b) all payments required to be made by Financial Security under this Policy may be made directly by Financial Security or by the Insurer's Fiscal Agent on behalf of Financial Security. The Insurer's Fiscal Agent is the agent of Financial Security only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of Financial Security to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, Financial Security agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to Financial Security to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of Financial Security, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, FINANCIAL SECURITY ASSURANCE INC. has caused this Policy to be executed on its behalf by its Authorized Officer.

[Countersignature]

FINANCIAL SECURITY ASSURANCE INC.

By _____

By _____
Authorized Officer

A subsidiary of Financial Security Assurance Holdings Ltd.
31 West 52nd Street, New York, N.Y. 10019

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