REFUNDING
BOOK-ENTRY-ONLY

RATING: Standard & Poor's: "AA"
(See "RATING" herein)

In the opinion of Faegre Baker Daniels LLP, Indianapolis, Indiana ("Bond Counsel"), under existing law, interest on the Series 2012 C Bonds (defined below) 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 Series 2012 C Bonds. Such excludability is conditioned on continuing compliance by the Bond Bank and the Qualified Entity (each as defined below) with certain tax covenants described herein. In the opinion of Bond Counsel, under existing law, interest on the Series 2012 C Bonds is exempt from taxation in the State of Indiana for all purposes, except for the Indiana inheritance tax and the Indiana financial institutions tax. See "TAX MATTERS" and APPENDIX C herein.

$22,090,000
INDIANA BOND BANK
Special Program Refunding Bonds, Series 2012 C
(Columbus Learning Center Project)

Dated: Date of Delivery **Due:** as shown on the inside cover

The Indiana Bond Bank Special Program Refunding Bonds, Series 2012 C (Columbus Learning Center Project) (the "Series 2012 C Bonds") will bear interest from their date to their respective maturities in the amounts and at the rates set forth on the inside front cover. The Series 2012 C 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 Series 2012 C 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 Series 2012 C Bonds (the "Beneficial Owners") will not receive physical delivery of certificates representing their interests in the Series 2012 C Bonds. Interest on the Series 2012 C Bonds is payable on February 1 and August 1 of each year, commencing February 1, 2013. The principal of, redemption premium, if any, and interest on the Series 2012 C Bonds will be paid directly to DTC by The Bank of New York Mellon Trust Company, N.A. (ultimate successor to Fifth Third Bank, Indiana), as trustee, registrar and paying agent (the "Trustee", the "Registrar" and the "Paying Agent") under the Indenture, as defined and described herein, so long as DTC or its nominee is the registered owner of the Series 2012 C Bonds. The final disbursement of such payments to the Beneficial Owners of the Series 2012 C Bonds will be the responsibility of the Direct Participants and the Indirect Participants, all as defined and more fully described herein under the caption "THE SERIES 2012 C BONDS—Book-Entry-Only System."

The Series 2012 C Bonds are authorized by a resolution adopted by the Board of Directors of the Indiana Bond Bank (the "Bond Bank") on August 14, 2012 and are issued under and secured by the Trust Indenture, dated as of June 1, 2003, as supplemented and amended by the First Supplemental Trust Indenture, dated as of September 1, 2012 (collectively, the "Indenture"), between the Bond Bank and the Trustee, all pursuant to the laws of the State of Indiana (the "State"), particularly Indiana Code 5-1.5 (the "Act"), for the purpose of providing funds to: (i) effect an advance refunding of the Bond Bank's outstanding Special Program Bonds, Series 2003 D (Columbus Learning Center Project), dated June 25, 2003, and currently outstanding in the amount of $23,295,000 (the "Refunded Bonds"); (ii) pay the premium for the debt service reserve fund surety bond to Assured Guaranty Municipal Corp.; and (iii) pay costs incidental to or on account of the issuance of the Series 2012 C Bonds and the refunding of the Refunded Bonds.

In connection with the issuance of the Series 2012 C Bonds and as an inducement for the Bond Bank to undertake the refunding of the Refunded Bonds, the City of Columbus, Indiana, on behalf of the Board of Aviation Commissioners for the City of Columbus, Indiana (the "Qualified Entity"), will agree to modify its existing Call Rights (as defined in APPENDIX E) in accordance with the terms of the Series 2012 C Purchase Agreement (as defined in APPENDIX E), and, in order to evidence the modification of such Call Rights, the Qualified Entity will execute and deliver to the Bond Bank the Amended Qualified Obligations (as defined in APPENDIX E), which shall not be subject to optional redemption prior to maturity on any date which is more than thirty (30) days prior to the earliest optional redemption date of the Series 2012 C Bonds. In exchange for the execution and delivery of the Amended Qualified Obligations to the Bond Bank, the Bond Bank will (a) release, cancel and return the Prior Qualified Obligations (as defined in APPENDIX E) to the Qualified Entity, and (b) apply the Call Rights Modification Credits (as defined in APPENDIX E) in accordance with the terms of the Series 2012 C Purchase Agreement. At or prior to delivery of the Series 2012 C Bonds, the Bond Bank will obtain a certification from an independent certified public accountant showing that the payments on the Amended Qualified Obligations, which will reflect the Call Rights Modification Credits received by the Qualified Entity, will be sufficient to pay the principal of and interest on the Series 2012 C Bonds when due.

The Series 2012 C Bonds maturing on or after February 1, 2023, are subject to redemption prior to maturity, at the option of the Bond Bank, commencing August 1, 2022, and on any date thereafter in whole or in part, at par plus accrued interest to the redemption date, and without any redemption premium. See "THE SERIES 2012 C BONDS—Redemption—Optional Redemption."

The Series 2012 C Bonds maturing on August 1, 2020, through and including August 1, 2024, are subject to mandatory sinking fund redemption. See "THE SERIES 2012 C BONDS—Redemption – Mandatory Redemption."

THE SERIES 2012 C BONDS 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. SUCH REVENUES AND FUNDS INCLUDE PAYMENTS BY THE QUALIFIED ENTITY ON THE AMENDED QUALIFIED OBLIGATIONS ("QUALIFIED OBLIGATION PAYMENTS"). THE SERIES 2012 C BONDS AND THE INTEREST PAYABLE THEREON DO NOT CONSTITUTE A DEBT, LIABILITY OR LOAN OF THE CREDIT OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE QUALIFIED ENTITY, UNDER THE CONSTITUTION AND LAWS OF THE STATE OR A PLEDGE OF THE FAITH, CREDIT AND TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE QUALIFIED ENTITY. THE SOURCE OF PAYMENT OF, AND SECURITY FOR, THE SERIES 2012 C BONDS ARE MORE FULLY DESCRIBED HEREIN. SEE "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2012 C BONDS." THE BOND BANK HAS NO TAXING POWER.

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

The Series 2012 C Bonds are offered when, as and if issued by the Bond Bank and received by the Underwriters, subject to prior sale, to withdrawal or modification of the offer without notice, and to the approval of legality by Faegre Baker Daniels LLP, Indianapolis, Indiana, Bond Counsel. Certain legal matters will be passed on for the Bond Bank by its general counsel, Barnes & Thornburg LLP, Indianapolis, Indiana, and for the Underwriters by their counsel, Bose McKinney & Evans LLP, Indianapolis, Indiana. It is expected that the Series 2012 C Bonds will be available for delivery to DTC in New York, New York on or about September 19, 2012.

KEYBANC CAPITAL MARKETS INC. **FIFTH THIRD SECURITIES, INC.**

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

September 5, 2012

Maturity Schedule
$22,090,000
Indiana Bond Bank
Special Program Refunding Bonds, Series 2012 C
(Columbus Learning Center Project)

CUSIP: 454624

Maturity Date	Principal	Interest Rate	Price	CUSIP
February 1, 2013	$ 880,000	1.500%	100.398%	4J3
August 1, 2013	740,000	2.000	101.295	4K0
February 1, 2014	750,000	1.500	101.250	4L8
August 1, 2014	755,000	2.000	102.500	4M6
February 1, 2015	765,000	1.500	101.732	4N4
August 1, 2015	770,000	3.000	106.134	4P9
February 1, 2016	780,000	1.500	101.750	4Q7
August 1, 2016	785,000	3.000	107.408	4R5
February 1, 2017	800,000	2.000	103.349	4S3
August 1, 2017	805,000	4.000	112.742	4T1
February 1, 2018	825,000	2.000	102.672	4U8
August 1, 2018	830,000	4.000	113.506	4V6
February 1, 2019	845,000	2.000	101.257	4W4
August 1, 2019	855,000	4.000	113.319	4X2
February 1, 2025	1,120,000	5.000	119.610*	5J2

$1,770,000 5.000% Term Bonds due August 1, 2020 Price: 120.603% CUSIP: 4Z7
$1,855,000 5.000% Term Bonds due August 1, 2021 Price: 121.185% CUSIP: 5B9
$1,955,000 5.000% Term Bonds due August 1, 2022 Price: 122.128% CUSIP: 5D5
$2,050,000 5.000% Term Bonds due August 1, 2023 Price: 120.862%* CUSIP: 5F0
$2,155,000 5.000% Term Bonds due August 1, 2024 Price: 120.090% * CUSIP: 5H6

* Priced to the August 1, 2022 optional call date

INDIANA BOND BANK

Board of Directors
Richard E. Mourdock, Chairman Ex Officio
William S. Konyha, Vice Chairman
Kendra W. York
Marni McKinney
Patrick F. Carr
J. Scott Davison
Philip C. Belt

Executive Director of the Bond Bank
Lisa Cottingham

Trustee
The Bank of New York Mellon Trust Company, N.A.
Indianapolis, Indiana

General Counsel to the Bond Bank
Barnes & Thornburg LLP
Indianapolis, Indiana

Bond Counsel
Faegre Baker Daniels LLP
Indianapolis, Indiana

Financial Advisor
Crowe Horwath LLP
Indianapolis, Indiana

No dealer, broker, salesperson or other person has been authorized by the Bond Bank or by the Underwriters to give any information or to make any representations other than those contained in this Official Statement in connection with the offering of the Series 2012 C Bonds, and if given or made, such 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, nor shall there be any sale of the Series 2012 C Bonds 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 made hereunder shall, under any circumstances, create any implication that there have been no changes in the information presented herein since the date hereof.

THE PRICES AT WHICH THE SERIES 2012 C BONDS ARE OFFERED TO THE PUBLIC BY THE UNDERWRITERS (AND THE YIELD RESULTING THEREFROM) MAY VARY FROM THE INITIAL PUBLIC OFFERING PRICES OR YIELDS APPEARING ON THE INSIDE COVER PAGE HEREOF. IN ADDITION, THE UNDERWRITERS MAY ALLOW CONCESSIONS OR DISCOUNTS FROM SUCH INITIAL PUBLIC OFFERING PRICES TO DEALERS AND OTHERS, IN ORDER TO FACILITATE DISTRIBUTION OF THE SERIES 2012 C BONDS, AND THE UNDERWRITERS MAY ENGAGE IN TRANSACTIONS INTENDED TO STABILIZE THE PRICE OF THE SERIES 2012 C BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE SERIES 2012 C 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 QUALIFIED ENTITY AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED THE SERIES 2012 C BONDS OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The Underwriters have provided the following sentence for inclusion in the Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as a part of, their responsibilities under the federal securities laws as applied to the facts and circumstances of this transaction and reasonably believe such information to be accurate and complete, but the Underwriters do not guarantee the accuracy or completeness of such information, and it is not to be construed as the promise or guarantee of the Underwriters.

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OFFICIAL STATEMENT

$22,090,000
Indiana Bond Bank
Special Program Refunding Bonds, Series 2012 C
(Columbus Learning Center Project)

INTRODUCTION

The purpose of this Official Statement, including the cover page and appendices, is to set forth certain information concerning the issuance and sale by the Indiana Bond Bank (the "Bond Bank") of its $22,090,000 aggregate principal amount of Special Program Refunding Bonds, Series 2012 C (Columbus Learning Center Project) (the "Series 2012 C Bonds"). The Series 2012 C Bonds are authorized by a resolution adopted by the Board of Directors of the Bond Bank on August 14, 2012 (the "Resolution") and are issued pursuant to the provisions of a Trust Indenture dated as of June 1, 2003 (the "Original Indenture"), as supplemented and amended by a First Supplemental Trust Indenture dated as of September 1, 2012 (the "First Supplemental Indenture", together with the Original Indenture, the "Indenture"), between the Bond Bank and The Bank of New York Mellon Trust Company, N.A. (ultimate successor to Fifth Third Bank, Indiana), as trustee (the "Trustee"), and the laws of the State of Indiana, including particularly Indiana Code 5-1.5 (as amended from time to time, the "Act"), in order to: (i) effect an advance refunding of the Bond Bank's outstanding Special Program Bonds, Series 2003 D (Columbus Learning Center Project), dated June 25, 2003 originally issued in the amount of $27,515,000 and currently outstanding in the amount of $23,295,000 (the "Refunded Bonds"); (ii) pay the premium for the Series 2012 C Qualified Surety Bond (as defined in APPENDIX E) to Assured Guaranty Municipal Corp. ("Assured Guaranty"); and (iii) pay all costs incidental to or on account of the issuance of the Series 2012 C Bonds and the refunding of the Refunded Bonds.

THE REFUNDING PROGRAM

The proceeds from the sale of the Series 2012 C Bonds, together with certain funds remaining under the Original Indenture, will be used to provide funds to: (i) establish an irrevocable escrow to defease and refund all of the Refunded Bonds; (ii) pay the premium for the Series 2012 C Qualified Surety Bond to Assured Guaranty; and (iii) pay for costs incidental to or on account of the issuance of the Series 2012 C Bonds and the refunding of the Refunded Bonds. See the caption "PLAN OF FINANCING" for a discussion of the Refunded Bonds. The Refunded Bonds, as originally issued, are also referred to herein as the "Prior Bonds." The Prior Bonds were issued to provide for the purchase of $27,515,000 original principal amount of the City of Columbus, Indiana, Lease Rental Revenue Bonds, Series 2003 (Columbus Learning Center Project) (the "Prior Qualified Obligations" or the "Original Qualified Obligations") issued by the City of Columbus, Indiana, on behalf of the Board of Aviation Commissioners of the City of Columbus, Indiana (the "Qualified Entity"). The proceeds of the Prior Qualified Obligations were used to pay the costs of the acquisition, construction and installation of the Columbus Learning Center, a multi-purpose educational facility located in the City of Columbus, Indiana (the "Learning Center"). The Learning Center is predominantly used by the three largest higher education institutions in the State of Indiana, The Trustees of Indiana University, The Trustees of Purdue University and Ivy Tech State College (collectively, the "Participating Entities"), to provide educational, training and workforce development programs offered by divisions of the Participating Entities at their adjacent regional campuses in Columbus, Indiana. See "APPENDIX B – The Learning Center".

The Bond Bank entered into a purchase agreement in connection with the issuance of the Prior Qualified Obligations (the "Original Purchase Agreement") governing the terms for the purchase of the Prior Qualified Obligations from the Qualified Entity. Pursuant to the terms of the Prior Qualified Obligations and the Original Purchase Agreement, the Qualified Entity has the right to redeem the Prior Qualified Obligations maturing on or after January 15, 2014 on any date on or after July 15, 2013 (the "Call Rights"). As of the date of issuance of the Series 2012 C Bonds, the Qualified Entity will have modified its Call Rights by executing and delivering to the Bond Bank its Amended Qualified Obligations (as hereinafter defined) in the amounts listed under "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2012 C BONDS – The Amended Qualified Obligations" (the "Amended Qualified Obligations"). The Qualified Entity and the Bond Bank will enter into a Qualified Entity Purchase Agreement in connection with the execution and delivery of the Amended Qualified Obligations (the "Series 2012 C Purchase Agreement"). See "SERIES 2012 C PURCHASE AGREEMENT" in APPENDIX F. In exchange for executing and delivering the Amended Qualified Obligations to the Bond Bank, the Bond Bank will (a) release, cancel and return the Prior Qualified Obligations to the Qualified Entity, and (b) apply the Call Rights Modification Credits (as defined in APPENDIX E) in accordance with the terms of the Series 2012 C Purchase Agreement. At or prior to delivery of the Series 2012 C Bonds, the Bond Bank will obtain a certification from an independent certified public accountant showing that the payments on the Amended Qualified Obligations, which will reflect the Call Rights Modification Credits received by the Qualified Entity, will be sufficient to pay the principal of and interest on the Series 2012 C Bonds when due. Upon defeasance of the Refunded Bonds, the Trustee will release the Prior Qualified Obligations and the Bond Bank will pledge and assign to the Trustee the Amended Qualified Obligations which will secure payment of the Series 2012 C Bonds. See the caption "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2012 C BONDS" herein.

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. Summaries of certain provisions of the Indenture and definitions of some of the capitalized words and terms used in this Official Statement are set forth in APPENDIX D and APPENDIX E. Terms not defined herein shall have the respective meanings ascribed thereto in the Indenture.

Information contained in this Official Statement with respect to the Bond Bank and the Qualified Entity and copies of the Indenture 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.

The Bond Bank's financial statements can be found at its website at www.in.gov/tos/bond and are also available upon written request to the Bond Bank. In addition, certain other information concerning the Bond Bank and the State is available to the Trustee and holders of the Series 2012 C Bonds pursuant to the Indenture. See "CONTINUING DISCLOSURE" herein.

THE SERIES 2012 C BONDS

General Description

The Series 2012 C Bonds are issuable as fully registered bonds in denominations of $5,000 or any integral multiple thereof. The Series 2012 C Bonds will be dated as of the date of their delivery.

Interest on the Series 2012 C Bonds will be payable semi-annually on February 1 and August 1 of each year, commencing February 1, 2013 (each an "Interest Payment Date"). The Series 2012 C Bonds will bear interest (calculated on the basis of a 30-day month and a 360-day year) at the rates and will mature on the dates and in the principal amounts set forth on the inside cover page of this Official Statement. If a Series 2012 C Bond is authenticated on or prior to January 15, 2013, it shall bear interest from the date of delivery. Each Bond authenticated after January 15, 2013, shall bear interest from the most recent Interest Payment Date to which interest has been paid on the date of authentication of such Series 2012 C Bond, unless such Series 2012 C Bond is authenticated after a Record Date (as defined in APPENDIX E) and on or before the next succeeding Interest Payment Date, in which event the Series 2012 C Bond will bear interest from such next succeeding Interest Payment Date.

When issued, all Series 2012 C Bonds will be registered in the name of and held by Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). Purchases of beneficial interests from DTC in the Series 2012 C Bonds will be made in book-entry-only form (without certificates) in the denomination of $5,000 or any integral multiple thereof. So long as DTC or its nominee is the registered owner of the Series 2012 C Bonds payments of the principal of and interest on the Series 2012 C Bonds will be made directly by the Trustee by wire transfer of funds to Cede & Co., as nominee for DTC. Disbursement of such payments to the participants of DTC (the "Direct Participants") will be the sole responsibility of DTC, and the ultimate disbursement of such payments to the Beneficial Owners, as defined herein, of the Series 2012 C Bonds will be the responsibility of the Direct Participants and the Indirect Participants, as defined herein. See the heading, "Book-Entry-Only System" under this caption.

If DTC or its nominee is not the registered owner of the Series 2012 C Bonds, principal of and premium, if any, on all of the Series 2012 C Bonds will be payable at maturity upon the surrender thereof at the principal corporate trust office of the Trustee. Interest on the Series 2012 C Bonds, when due and payable, will be paid by check dated the due date mailed by the Trustee one business day prior to the due date (or, in the case of an owner of Series 2012 C Bonds in an aggregate principal amount of at least $1,000,000, by wire transfer on such due date, upon written direction of such registered owner to the Trustee not less than five business days before the Record Date immediately prior to such Interest Payment Date, which direction shall remain in effect until revoked in writing by such owner) to the persons in whose names such Series 2012 C Bonds are registered, at their addresses as they appear on the bond registration books maintained by the Trustee on the Record Date, irrespective of any transfer or exchange of such Series 2012 C Bonds subsequent to such Record Date and prior to such Interest Payment Date unless the Bond Bank shall default in the payment of interest due on such Interest Payment Date.

Except as provided under "Book-Entry-Only System," in all cases in which the privilege of exchanging or transferring Series 2012 C Bonds is exercised, the Bond Bank will execute and the Trustee will deliver Series 2012 C Bonds in accordance with the provisions of the Indenture. The Series 2012 C Bonds will be exchanged or transferred at the principal corporate trust office of the Trustee only for Series 2012 C Bonds of the same tenor and maturity. In connection with any transfer or exchange of Series 2012 C Bonds, the Bond Bank or the Trustee may impose a charge for any applicable tax, fee or other governmental charge incurred in connection with such transfer or exchange, which sums are payable by the person requesting such transfer or exchange.

The person in whose name a Series 2012 C Bond is registered will be deemed and regarded as its absolute owner for all purposes and payment of principal thereof and interest thereon will be made only to or upon the order of the registered owner or its legal representative, but such registration may be changed as provided above. All such payments shall be valid to satisfy and discharge the liability upon such Series 2012 C Bond to the extent of the sum or sums so paid.

Redemption

Optional Redemption. The Series 2012 C Bonds maturing on or after February 1, 2023, are subject to redemption, at the option of the Bond Bank, prior to maturity, commencing August 1, 2022, and on any date thereafter, in whole or in part, at par, plus accrued interest to the redemption date, and without any redemption premium.

Mandatory Redemption. The Series 2012 C Bonds (or any portion thereof in integral multiples of $5,000) maturing on August 1 of the years 2020 through and including 2024 (the "Term Bonds") are subject to mandatory sinking fund redemption prior to maturity at a redemption price equal to the principal amount of such Term Bonds plus accrued interest to the date of redemption in accordance with the following tables:

August 1, 2020 Term Bond

Date	Principal Amount
February 1, 2020	$875,000
August 1, 2020*	895,000

* Final Maturity

August 1, 2021 Term Bond

Date	Principal Amount
February 1, 2021	$915,000
August 1, 2021*	940,000

* Final Maturity

August 1, 2022 Term Bond

Date	Principal Amount
February 1, 2022	$965,000
August 1, 2022*	990,000

* Final Maturity

August 1, 2023 Term Bond

Date	Principal Amount
February 1, 2023	$1,010,000
August 1, 2023*	1,040,000

* Final Maturity

August 1, 2024 Term Bond

Date	Principal Amount
February 1, 2024	$1,065,000
August 1, 2024*	1,090,000

* Final Maturity

Under the Indenture, selection of the Term Bonds to be redeemed will be made by lot by the Trustee. In accordance with DTC standard practices and its agreement with the Bond Bank, DTC and the Direct participants will make the selection so long as the Series 2012 C Bonds are in book-entry form. The principal amount of Term Bonds to be redeemed on each date set forth above will be subject to reduction by the principal amount of any such 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 a Trustee for cancellation and canceled, all in accordance with the Indenture. The principal amount of any 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 Term Bonds subject to sinking fund redemption at such times will be accordingly reduced.

Cash Flow Certificate. Prior to any optional redemption of any Series 2012 C 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 APPENDIX E) 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 (each as defined in APPENDIX E), will at least equal debt service on all outstanding Bonds along with Program Expenses (each as defined in APPENDIX E), if any.

Notice of Redemption. In the case of redemption of the Series 2012 C Bonds, notice of the call for any such redemption identifying the Series 2012 C Bonds, or portions of Series 2012 C Bonds, to be redeemed will be given by mailing a copy of the redemption notice by registered or certified mail not less than 30 days nor more than 45 days prior to the date fixed for redemption to the Registered Owner of the Series 2012 C Bonds to be redeemed at the address shown on the registration books of the Trustee. Failure to give such notice by mailing, or any defect thereof with respect to any Series 2012 C Bonds, shall not affect the validity of any proceedings for the redemption of any other Series 2012 C Bonds. On the date designated for redemption, notice having been given in the manner and under the condition herein above provided for, and any conditions precedent to such redemption having been satisfied, all Series 2012 C Bonds, or portions thereof, so called for redemption shall cease to bear interest, shall no longer be protected by the Indenture and shall not be deemed to be outstanding under the provisions of the Indenture, provided funds for their redemption are on deposit at the place of payment at that time.

Redemption Payments. Prior to the date fixed for redemption, there must be on deposit with the Trustee sufficient funds to pay the Redemption Price (as defined in APPENDIX E) of the Series 2012 C Bonds called, together with accrued interest on the Series 2012 C Bonds to the redemption date. After the redemption date, if prior notice of redemption by mailing has been given and sufficient funds have been deposited with the Trustee, interest will cease to accrue on the Series 2012 C Bonds that have been called for redemption.

Book-Entry-Only System

The information provided in this caption has been provided by DTC. No representation is made by the Bond Bank, the Trustee or the Underwriters as to the accuracy or adequacy of such information provided by DTC or as to the absence of material adverse changes in such information subsequent to the date hereof.

The Depository Trust Company ("DTC"), New York, New York, will act as the depository for the Series 2012 C Bonds. The Series 2012 C Bonds will be issued as fully-registered Series 2012 C Bonds 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. The ownership of one fully-registered Series 2012 C Bond for each maturity, each in the aggregate principal amount of such maturity, will be registered in the name of Cede & Co.

DTC, the world's largest securities depository, is a limited purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission ("SEC"). More information about DTC can be found at www.dtcc.com.

Purchases of the Series 2012 C Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2012 C Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2012 C 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, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2012 C Bonds are to be accomplished by entries made on the books of Direct or Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2012 C Bonds, except in the event that use of the book-entry system for the Series 2012 C Bonds is discontinued.

To facilitate subsequent transfers, all Series 2012 C Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2012 C Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2012 C Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2012 C Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Series 2012 C Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2012 C Bonds, such as redemptions, defaults, and proposed amendments to the Series 2012 C Bond documents. For example, Beneficial Owners of Series 2012 C Bonds may wish to ascertain that the nominee holding the Series 2012 C Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2012 C Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2012 C Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an "Omnibus Proxy" to the 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 Series 2012 C Bonds are credited on the Record Date (identified in a listing attached to the "Omnibus Proxy").

Payments of principal, interest and redemption prices, respectively, on the Series 2012 C 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 Trustee or the Bond Bank, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct Participants to Beneficial Owners will be governed by standing instructions and customary practices, as in 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, interest and redemption prices to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee or the Bond Bank. Disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2012 C Bonds at any time by giving reasonable notice to the Bond Bank or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, the Series 2012 C Bonds are required to be printed and delivered.

THE INFORMATION PROVIDED ABOVE HAS BEEN PROVIDED BY DTC. NO REPRESENTATION IS MADE BY THE BOND BANK, THE TRUSTEE OR THE UNDERWRITERS AS TO THE ACCURACY OR ADEQUACY OF SUCH INFORMATION PROVIDED BY DTC OR AS TO THE ABSENCE OF MATERIAL ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF.

For so long as the Series 2012 C Bonds are registered in the name of DTC or its nominee, Cede & Co., the Bond Bank and the Trustee will recognize only DTC or its nominee, Cede & Co., as the registered owner of the Series 2012 C Bonds for all purposes, including payments, notices and voting.

The Bond Bank may decide to discontinue use of the system of book entry transfers through DTC (or a successor securities depository). Once the Bond Bank has requested that holders withdraw securities from DTC, DTC will notify its Participants of such request and such Participants may utilize DTC's withdrawal process to withdraw their Series 2012 C Bonds from DTC. In the event a Participant utilizes DTC's withdrawal process, the Series 2012 C Bonds will be printed and delivered.

Under the Indenture, payments made by the Trustee to DTC or its nominee will satisfy the Bond Bank's obligations under the Indenture to the extent of the payments so made.

Neither the Bond Bank, the Underwriters nor the Trustee will have any responsibility or obligation with respect to (i) the accuracy of the records of DTC, its nominee or any Direct Participant or Indirect Participant with respect to any beneficial ownership interest in any Series 2012 C Bond, (ii) the delivery to any Direct Participant or Indirect Participant or any other Person, other than an owner, as shown in the Bond Register, of any notice with respect to any Series 2012 C Bond including, without limitation, any notice of redemption, purchase or any event which would or could give rise to a purchase right or option with respect to any Series 2012 C Bond, (iii) the payment of any Direct Participant or Indirect Participant or any other Person, other than an owner, as shown in the Bond Register, of any amount with respect to the principal of, premium, if any, or interest on, any Series 2012 C Bond or (iv) any consent given by DTC as registered owner.

Prior to any discontinuation of the book-entry only system described above, the Bond Bank and the Trustee may treat DTC as, and deem DTC to be, the absolute owner of the Series 2012 C Bonds for all purposes whatsoever, including, without limitation, (i) the payment of principal of, premium, if any, and interest on the Series 2012 C Bonds, (ii) giving notices of redemption and other matters with respect to the Series 2012 C Bonds, (iii) registering transfers with respect to the Series 2012 C Bonds and (iv) the selection of Series 2012 C Bonds for redemption.

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2012 C BONDS

The Series 2012 C Bonds will be issued under and secured by the Indenture. The principal of, redemption premium, if any, and interest on any and all of the Series 2012 C Bonds, together with any Refunding Bonds (as defined in APPENDIX E) that may be authorized and issued by the Bond Bank under the Indenture on a parity with the Series 2012 C Bonds (collectively, the "Bonds"), are payable from those revenues and funds of the Bond Bank which, together with the Amended Qualified Obligations and all other qualified obligations pledged under the Indenture, are pledged pursuant to the Indenture for the benefit of the owners of the Bonds equally, ratably and without priority.

Neither the faith, credit nor taxing power of the State of Indiana (the "State") or any political subdivision thereof, including the Qualified Entity, is pledged to the payment of the principal of, redemption premium, if any, and interest on any of the Bonds. The Bonds and the interest payable thereon are not a debt, liability, loan of the credit or pledge of the faith and credit of the State or of any political subdivision thereof including the Qualified Entity. The Bond Bank has no taxing power and has only those powers and sources of revenue set forth in the Act. The Bonds are issued and secured separately from any other obligations issued by the Bond Bank. The sources of payment of and security for the Bonds are more fully described below.

Under the Indenture, the Bonds are secured by a pledge to the Trustee of the Amended Qualified Obligations and all principal and interest payments made or required to be made on the Amended Qualified Obligations (the "Qualified Obligation Payments"), as described therein. In addition, the Indenture pledges to the payment of the Bonds all proceeds of the Trust Estate, including without limitation all cash and securities held in the Funds and Accounts created by the Indenture (except for the Rebate Fund) and the accounts thereunder, together with investment earnings thereon and proceeds thereof (except to the extent transferred to the Rebate Fund from such Funds and Accounts under the Indenture), and all other funds, accounts and moneys to be pledged by the Bond Bank to the Trustee as security under the Indenture, to the extent of any such pledge. Under the Act and Indiana Code 5-1-14-4, such pledge is valid and binding from and after the date of delivery of the Bonds under the Indenture and such Amended Qualified Obligations and the Qualified Obligation Payments thereon shall be immediately subject to the lien of such pledge without any physical delivery of the payments or further act, and the lien of such pledge is valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Bond Bank, irrespective of whether such parties have notice thereof.

The Amended Qualified Obligations

The Refunded Bonds were issued to provide funds for the purchase of the Prior Qualified Obligations. From the proceeds of the Series 2012 C Bonds, together with certain funds remaining under the Original Indenture, the Bond Bank intends to advance refund all of the Refunded Bonds. Upon defeasance of the Refunded Bonds, the Trustee will release the Prior Qualified Obligations, and the Bond Bank will pledge and assign the Amended Qualified Obligations to the Trustee as security for the Series 2012 C Bonds. Thereafter, the Amended Qualified Obligations will secure payment of the Series 2012 C Bonds. The Qualified Obligation Payments on the Amended Qualified Obligations have been structured to be sufficient along with earnings thereon, and along with other monies in the Funds and Accounts under the Indenture and the earnings thereon, to pay the principal of and interest on the Series 2012 C Bonds when due. See the caption "VERIFICATION OF MATHEMATICAL CALCULATIONS" herein. The Bond Bank will apply the Call Rights Modification Credits against amounts payable on the Prior Qualified Obligations (which will be evidenced by the Amended Qualified Obligations) in accordance with the terms of the Series 2012 C Purchase Agreement. See "APPENDIX F – SERIES 2012 C PURCHASE AGREEMENT." The information set forth below has been supplied to the Bond Bank by the Qualified Entity.

The Amended Qualified Obligations consist of $21,166,837.08 in aggregate principal amount of City of Columbus, Indiana, Lease Rental Revenue Bonds, Series 2003 (Columbus Learning Center Project) (Amended), which are ultimately secured primarily from semiannual rental payments made by the Indiana Department of Administration (the "DOA"). See under this caption "– Provisions for Payment of the Amended Qualified Obligations." The Amended Qualified Obligations will be executed and delivered by the Qualified Entity to the Bond Bank concurrently with the issuance by the Bond Bank of the Series 2012 C Bonds.

Provisions for Payment of the Amended Qualified Obligations

The principal of and interest on the Amended Qualified Obligations are payable primarily from semiannual rental payments made by the DOA, on behalf of the Participating Entities, subject to appropriation by the Indiana General Assembly. Such rentals are payable on January 15 and July 15 of each year. The rental payments from the DOA are made to a nonprofit management corporation (the "Management Corporation") that acts as master tenant of the Learning Center pursuant to the terms of a sublease agreement between the DOA and the Management Corporation (the "Sublease Agreement") more particularly described in APPENDIX B hereto. In turn, the Management Corporation has entered into a master lease agreement with the Qualified Entity (the "Lease Agreement") that provides for payment to the Qualified Entity of amounts necessary to pay debt service on the Amended Qualified Obligations, as further described below and in APPENDIX B. The Management Corporation is responsible for the day-to-day operations of the Learning Center and all maintenance and repair of the Learning Center.

Each appropriation made by the Indiana General Assembly and each DOA rental payment, in addition to providing sufficient funds to pay debt service on the Amended Qualified Obligations, includes a component to cover (i) the routine operation and maintenance of the Learning Center including, without limitation, lease or other costs of equipping the Learning Center with appropriate computer and other technology equipment necessary for the Participating Entities to provide the programs intended for the Learning Center; and (ii) the establishment of and, as needed, the restoration of a repair and replacement fund to be accumulated over time to cover significant capital replacements and improvements to the Learning Center. See APPENDIX B "DESCRIPTION OF THE QUALIFIED ENTITY, THE COLUMBUS LEARNING CENTER AND THE AMENDED QUALIFIED OBLIGATIONS – The Amended Qualified Obligations -- The Lease Agreement".

The Lease Agreement with respect to the Learning Center is a "net" lease between the Management Corporation and the Board of Aviation Commissioners of the City of Columbus, Indiana, which is the owner of the land upon which the Learning Center is located and is the governing body of a department of the Qualified Entity. The portion of the rental payments made by the DOA under the Sublease Agreement that are applied to debt service payments on the Amended Qualified Obligations flow through the Lease Agreement for deposit to a payment fund established for payment of the principal of and interest on the Amended Qualified Obligations. Notwithstanding the foregoing, such rental component may be transferred directly by the DOA to the Trustee, in lieu of payment to the Management Corporation under the Sublease Agreement.

The Amended Qualified Obligations have been executed and delivered pursuant to Indiana Code 8-22-2, as amended (the "Qualified Obligation Act"). Pursuant to the Qualified Obligation Act, the Amended Qualified Obligations are special, limited revenue obligations payable solely from the lease rental payments received under the Lease Agreement, which consist of the rental payments made by the DOA from appropriations by the Indiana General Assembly. The Amended Qualified Obligations do not constitute a general or moral obligation or indebtedness of the Qualified Entity, any department, agency, board, commission or other entity associated with the Qualified Entity, any Participating Entity or the Management Corporation under the constitution or laws of the State, but are payable solely from the revenues generated by the Learning Center, primarily the rental payments made by the DOA from appropriations by the Indiana General Assembly. In addition, the Lease Agreement is a "net" lease, and neither the Qualified Entity nor any department, agency, board, commission or other entity associated with the Qualified Entity, has any obligation or duty to operate, maintain or repair the Learning Center.

For a more detailed description of the Qualified Entity, the Learning Center and the sources of payment for the Amended Qualified Obligations, see APPENDIX B, "DESCRIPTION OF THE QUALIFIED ENTITY, THE COLUMBUS LEARNING CENTER AND THE AMENDED QUALIFIED OBLIGATIONS".

State Appropriations Mechanism – Lease Rental Payments

The payment of the rentals by the DOA is subject to and dependent upon funds having been appropriated by the Indiana General Assembly and being available for such purpose. In addition, the DOA's obligations to pay rentals are conditioned upon actual receipt by the DOA of moneys appropriated by the General Assembly for such purpose. There is and can be under Indiana law no requirement that the General Assembly make an appropriation to the DOA for payment of lease rentals with respect to any Fiscal Year. If the General Assembly fails to make such an appropriation, the DOA may be unable to pay rentals coming due and, consequently, the Qualified Entity may be unable to pay when due the principal of and interest on the Amended Qualified Obligations and the Bond Bank may be unable to pay when due the principal of and interest on the Series 2012 C Bonds. See APPENDIX B, "DESCRIPTION OF THE QUALIFIED ENTITY, THE COLUMBUS LEARNING CENTER AND THE AMENDED QUALIFIED OBLIGATIONS".

In accordance with the constitution and laws of the State, the Indiana General Assembly meets for one day in November for organizational matters and then reconvenes in January. In every odd-numbered year, the Indiana General Assembly adjourns not later than April 29 and is to adopt a biennial budget and to make appropriations for the biennium commencing on July 1 of such year. In even-numbered years, the Indiana General Assembly adjourns not later than March 14 and may make supplemental appropriations at such time. The DOA has agreed in the Sublease Agreement to use its best efforts to cause the Indiana General Assembly to appropriate sufficient funds to make all required rental payments to be made by the DOA. However, neither the DOA, the Qualified Entity, the Trustee, the Management Corporation nor any holder of any Series 2012 C Bonds may legally compel funds to be appropriated by the Indiana General Assembly or to be made available for the purpose of paying such lease rentals. Upon default by the DOA in making required rental payments, however, the Qualified Entity has the right to cause the Management Corporation and the Participating Entities to vacate the leased premises.

For more detailed information concerning State finances, including indebtedness, and the State budget and appropriation process, see APPENDIX A. See also the caption "RISKS TO OWNERS OF THE SERIES 2012 C BONDS" herein.

Enforcement of the Amended Qualified Obligations

As owner of the Amended Qualified Obligations, the Bond Bank has available to it all remedies available to owners or holders of securities issued by the Qualified Entity. The Act provides that upon the sale and the delivery of the Amended Qualified Obligations to the Bond Bank, the Qualified Entity will be deemed to have agreed that all statutory defenses to nonpayment are waived in the event that the Qualified Entity fails to pay principal of or interest on such Amended Qualified Obligation 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 defaulting Qualified Entity.

Further, the Qualified Entity has agreed under the Series 2012 C Purchase Agreement to report to the Bond Bank on its compliance with certain covenants which it has made regarding various actions and conditions necessary to preserve the tax exempt status of interest paid on the Amended Qualified Obligations. See the caption "TAX MATTERS." The Bond Bank has also determined to consult with the Qualified Entity, as necessary from time to time, with regard to the action needed to be taken by the Qualified Entity to preserve the exclusion of the interest on the Series 2012 C Bonds from the gross income of the holders of the Series 2012 C Bonds.

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

Additional Bonds

Additional bonds of the Bond Bank may be issued on a parity with the Series 2012 C Bonds pursuant to the Indenture only for the purpose of refunding (in whole or in part) Bonds issued by the Bond Bank pursuant to the Indenture.

Debt Service Reserve Fund

The Act authorizes and the Indenture requires the Bond Bank to establish and maintain the Debt Service Reserve Fund in which there is to be deposited or transferred:

(i) Monies available to the Bond Bank or Debt Service Reserve Fund Credit Facilities required to be deposited or held in the Debt Service Reserve Fund by the terms of the Indenture (or any future bond proceeds or other money required by a Supplemental Indenture or resolution of the Bond Bank);

(ii) All money required to be transferred to the Debt Service Reserve Fund for the replenishment thereof from another Fund or Account under the Indenture;

(iii) All money appropriated by the State for replenishment of the Debt Service Reserve Fund; and

(iv) Any other available money or funds that the Bond Bank may decide to deposit in the Debt Service Reserve Fund.

Under the Indenture, the Debt Service Reserve Fund is required to contain an amount equal to the maximum annual debt service on the Series 2012 C Bonds, which at the time of the issuance of the Series 2012 C Bonds means an amount equal to $2,294,750 (the "Reserve Requirement"). The Indenture permits the Bond Bank to satisfy all or a portion of the Reserve Requirement by depositing a Qualified Surety Bond (as defined in APPENDIX E) in the Debt Service Reserve Fund. The Bond Bank has elected to satisfy the Reserve Requirement by depositing the Series 2012 C Qualified Surety Bond (as defined in APPENDIX E) in the Debt Service Reserve Fund on the date of issuance of the Series 2012 C Bonds. See "SERIES 2012 C QUALIFIED SURETY BOND" herein.

Under the Indenture, the provider of any such Qualified Surety Bond, whether an insurer, a bank or trust company, must have its long-term debt obligations rated *at the time of issuance of such Qualified Surety Bond* in one of the three highest Rating Categories by the Rating Agency or Rating Agencies rating the Bonds.

Except as provided in the Indenture, moneys in the Debt Service Reserve Fund will be held and applied to the payment of the principal of and interest on the Series 2012 C Bonds in cases where sufficient funds are not available in other Funds and Accounts for such payments.

State Appropriations Mechanism – Debt Service Reserve Fund

The Act provides that the State General Assembly may annually appropriate to the Bond Bank for deposit in the Debt Service Reserve Fund any sum, required by the Act to be certified by the Chairman of the Board of Directors of the Bond Bank to the State General Assembly prior to December 1 of any year, as may be necessary to restore the Debt Service Reserve Fund to the amount then required to be on deposit in the Debt Service Reserve Fund to the Reserve Requirement. The Indenture further requires such certification to be made by the Chairman to the State General Assembly on or before August 1 of any fiscal year of the Bond Bank ("Fiscal Year") in which the amount in the Debt Service Reserve Fund is projected to be less than the Reserve Requirement. Similarly, the Indenture requires that the Chairman of the Board of Directors of the Bond Bank will immediately take all action to certify any deficiency in the Debt Service Reserve Fund resulting from the amount on deposit therein being less than the Reserve Requirement, including any amounts due and owed to a Credit Provider (as defined in APPENDIX E) with respect to a Qualified Surety Bond (as defined in APPENDIX E), regardless of whether such deficiency had been projected. However, nothing in these provisions or any other provision of the Act creates a debt or liability of the State to make any payments or appropriations to or for the use of the Bond Bank. There can be no representation or assurance (i) that a certificate from the Chairman of the Board of Directors of the Bond Bank, stating the amount of a deficiency in the Debt Service Reserve Fund, would be taken up for any or for early consideration by the State General Assembly, or (ii) that upon consideration of any such certificate, the State General Assembly would determine to appropriate funds to reduce or eliminate such deficiency, or (iii) that in the event the State General Assembly determined to make such an appropriation, the amounts thus appropriated would be forthcoming as of any particular date. The Bond Bank has previously issued and has outstanding as of the date of this Official Statement an aggregate principal amount of approximately $474,460,000 in separate program obligations secured by debt service reserve funds, which are also eligible for annual appropriations from the General Assembly.

In accordance with the constitution of the State, the State General Assembly meets for a maximum period of 61 legislative days in every odd-numbered year in order to establish a budget and to make appropriations. The State General Assembly also meets for a maximum period of 30 legislative days in intervening years in order to make supplemental appropriations.

Because the State General Assembly meets for only a portion of each year, there can be no representation or assurance that the State General Assembly could, if it elected to do so, take timely action upon a certificate from the Chairman of the Board of Directors of the Bond Bank in order to provide funds to avoid a default in the payment of principal of or interest on the Series 2012 C Bonds.

SERIES 2012 C QUALIFIED SURETY BOND

The Indenture requires the establishment of the Debt Service Reserve Fund. Under the Indenture, the Debt Service Reserve Fund is required to contain an amount equal to the Reserve Requirement, which at the time of issuance of the Series 2012 C Bonds means an amount equal to $2,294,750. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2012 C BONDS – Debt Service Reserve Fund" herein. The Indenture authorizes the Bond Bank to obtain a Qualified Surety Bond (as defined in APPENDIX E), in place of depositing funds into the Debt Service Reserve Fund equal to the Reserve Requirement. Accordingly, a commitment has been made by Assured Guaranty for the issuance of the Series 2012 C Qualified Surety Bond (as defined in APPENDIX E) for the purpose of funding the Debt Service Reserve Fund (see "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2012 C BONDS – Debt Service Reserve Fund" herein). The Series 2012 C Bonds will only be delivered upon the issuance of the Series 2012 C Qualified Surety Bond. The premium on the Series 2012 C Qualified Surety Bond is to be fully paid at or prior to the issuance and delivery of the Series 2012 C Bonds. The Series 2012 C Qualified Surety Bond provides that upon the later of (i) one day after receipt by Assured Guaranty of a demand for payment executed by the Trustee certifying that provision for the payment of principal of or interest on the Series 2012 C Bonds when due has not been made or (ii) the principal or interest payment date specified in the notice of nonpayment submitted to Assured Guaranty, Assured Guaranty will promptly deposit funds with the Trustee sufficient to enable the Trustee to make such payments due on the Series 2012 C Bonds, but in no event exceeding the Series 2012 C Qualified Surety Bond coverage for such Series 2012 C Bonds, as defined in the Series 2012 C Qualified Surety Bond for such Series 2012 C Bonds.

Under the Indenture, the provider of any such Qualified Surety Bond, whether an insurer, a bank or trust company, must have its long-term debt obligations rated *at the time of issuance of such Qualified Surety Bond* in one of the three highest Rating Categories by the Rating Agency or Rating Agencies rating the Bonds. AT THE TIME OF ISSUANCE OF THE SERIES 2012 C BONDS, ASSURED GUARANTY WILL BE RATED IN ONE OF THE THREE HIGHEST RATING CATEGORIES BY THE RATING AGENCY RATING THE SERIES 2012 C BONDS.

Pursuant to the terms of the Series 2012 C Qualified Surety Bond, the Series 2012 C Qualified Surety Bond coverage is automatically reduced to the extent of each payment made by Assured Guaranty under the terms of the Series 2012 C Qualified Surety Bond and the Bond Bank is required to reimburse Assured Guaranty for any draws under the Series 2012 C Qualified Surety Bond with interest at the rate set forth in the Indenture. Upon such reimbursement, the Series 2012 C Qualified Surety Bond is reinstated to the extent of each principal reimbursement up to but not exceeding the Series 2012 C Qualified Surety Bond coverage. The reimbursement obligation for the Bond Bank, with respect to any draws upon the Series 2012 C Qualified Surety Bond, is subordinate to the Bond Bank's obligations with respect to the Series 2012 C Bonds.

In the event the amount on deposit, or credited to the Debt Service Reserve Fund, exceeds the amount of the Series 2012 C Qualified Surety Bond for the Debt Service Reserve Fund, any draw on the Series 2012 C Qualified Surety Bond will be made only after all the funds in the Debt Service Reserve Fund have been expended. In the event that the amount on deposit in or credited to a Debt Service Reserve Fund, in addition to the amount available under the Series 2012 C Qualified Surety Bond for the Debt Service Reserve Fund, includes amounts available under a letter of credit, insurance policy, surety bond or other such funding instrument (the "Additional Funding Instrument"), draws on the Series 2012 C Qualified Surety Bond and the Additional Funding Instrument will be made on a pro rata basis to fund the insufficiency.

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 Series 2012 C 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.

RISKS TO OWNERS OF THE SERIES 2012 C BONDS

Purchasers of the Series 2012 C Bonds are advised of certain risk factors with respect to the payment of the Series 2012 C Bonds. This discussion is not intended to be all-inclusive, and other risks may also be present.

Sources of Payments for the Series 2012 C Bonds

The ability of the Bond Bank to pay principal of, and interest on, the Series 2012 C Bonds depends primarily upon the receipt by the Bond Bank of payments pursuant to the Amended Qualified Obligations, including interest at the rates provided therein, together with earnings on the amounts in the Funds and Accounts sufficient to make such payments. The principal source of payment on the Amended Qualified Obligations are rental payments from the DOA which are to be derived from appropriations to be made by the Indiana General Assembly. Except for the Debt Service Reserve Fund, 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 Qualified Entity in payments on the Amended Qualified Obligations. There can be no representation or assurance that the Qualified Entity will receive sufficient revenues or otherwise have sufficient funds available to make its required payments on the Amended Qualified Obligations. For a description of procedures for providing for the payment of the Amended Qualified Obligations, see the caption "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2012 C BONDS -- Provisions for Payment of the Amended Qualified Obligations" and "– State Appropriations Mechanism – Lease Rental Payments," and APPENDIX B.

Failure to Appropriate Funds to Restore Debt Service Reserve Fund

The State General Assembly may determine to appropriate funds to the extent of any deficiency in the Debt Service Reserve Fund (see "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2012 C BONDS - State Appropriations Mechanism – Debt Service Reserve Fund"). However, the State General Assembly is not and cannot be obligated to appropriate any such funds. Moreover, the State General Assembly meets for only a portion of each year commencing in January and ending not later than April 30, unless extended by a special session called by the Governor, and there can be no representation or assurance (i) that a certificate from the Chairman of the Board of Directors of the Bond Bank, stating the amount of a deficiency in the Debt Service Reserve Fund, would be taken up for any or for early consideration by the State General Assembly, or (ii) that upon consideration of any such certificate, the State General Assembly would determine to appropriate funds to reduce or eliminate such deficiency, or (iii) that in the event the State General Assembly determined to make such an appropriation, the amounts thus appropriated would be forthcoming as of any particular date. In no event can or will the Series 2012 C Bonds be deemed to be a debt or obligation of the State. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2012 C BONDS - State Appropriations Mechanism – Debt Service Reserve Fund."

Damage or Destruction to Learning Center

The Sublease Agreement provides that the sublease rental payments will be abated pro rata for any period during which the Learning Center or any part thereof is unfit for its intended use. Under the Sublease Agreement, the Management Corporation is required to cause to be procured and maintained with an insurance company qualified to issue insurance policies in the State, (a) a policy of rental interruption loss insurance to insure against the loss of projected annual revenues (for payment of debt service) due to abatement under the Sublease Agreement for such time (being for a period of twenty-four (24) months) as use of the Learning Center or any portion thereof is interrupted by damage or destruction from perils insured against under a standard extended coverage endorsement and (b) casualty insurance in an amount equal to one hundred percent (100%) of the full replacement cost of the Learning Center. See APPENDIX B. However, in the event the Learning Center or any part thereof becomes unfit for its intended use, there can be no assurance that the proceeds, if any, from any such rental interruption loss insurance would be sufficient to pay the principal of and interest on the Amended Qualified Obligations during the period during which the Learning Center or such part thereof is unfit for its intended use.

Tax Exemption

The Bond Bank has covenanted under the Indenture to take all actions and not to fail to take any actions required to assure the continuing exclusion of interest on the Series 2012 C 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 Series 2012 C Bonds to be taxable retroactive to the date of issuance. Also, in connection with the execution and delivery of the Amended Qualified Obligations, the Bond Bank will receive an opinion from Faegre Baker Daniels LLP, Indianapolis, Indiana, to the effect that, conditioned upon continuing compliance by the Qualified Entity with certain covenants made in connection with the execution and delivery of such Amended Qualified Obligations, the interest on the Amended Qualified Obligations is excludable from the gross income of the holder thereof for federal income tax purposes under existing statutes, decisions, regulations and rulings. However, the interest on such Amended Qualified Obligations could become taxable in the event that the 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 its Amended 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 Amended 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 Series 2012 C 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 Series 2012 C Bonds retroactive to the date of issuance. See the caption "TAX MATTERS." The Bond Bank is not aware of any circumstances that would cause the interest on the Amended Qualified Obligations to be includable in gross income for federal income tax purposes under the Code, but has not undertaken any investigation in connection with this Official Statement.

Limited Remedies

The remedies available to the Trustee, to the Bond Bank or to the owners of the Series 2012 C Bonds upon the occurrence of an Event of Default under the Indenture or under the terms of the Amended Qualified Obligations 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 the Amended Qualified Obligations may not be readily available or may be limited.

Series 2012 C Qualified Surety Bond

The Indenture does not require the Series 2012 C Qualified Surety Bond to be replaced in the event of a downgrade of Assured Guaranty or in the event that Assured Guaranty becomes insolvent.

PLAN OF FINANCING

A portion of the proceeds of the Series 2012 C Bonds, together with certain remaining funds under the Original Indenture, will be used to purchase non-callable U.S. Government Obligations (the "Escrowed Securities") to be held in escrow under the Escrow Agreement dated as of September 1, 2012 (the "Escrow Agreement") by and among the Bond Bank and The Bank of New York Mellon Trust Company, N.A., as successor to Fifth Third Bank, Indiana, as Trustee and escrow trustee, to provide funds for the payment when due of the principal of, redemption premium, if any, and interest on the Refunded Bonds up to and including the redemption date of August 1, 2013.

Upon the Bond Bank depositing the Escrowed Securities into the escrow account established under the Escrow Agreement, (a) the Prior Qualified Obligations pledged under the Original Indenture will be released from the lien thereof; (b) the Qualified Entity will execute and deliver the Amended Qualified Obligations (which will reflect the Call Rights Modification Credits received by the Qualified Entity) to the Bond Bank in exchange for the application of the Call Rights Modification Credits in accordance with the Series 2012 C Purchase Agreement and the cancellation and return of the Prior Qualified Obligations to the Qualified Entity; and (c) the Bond Bank will pledge and assign the Amended Qualified Obligations to the Trustee which will become part of the Trust Estate under the Indenture securing the payment of the Series 2012 C Bonds.

APPLICATION OF PROCEEDS OF THE SERIES 2012 C BONDS

Set forth below is a summary of the estimated sources and uses of the proceeds of the Series 2012 C Bonds.

Sources:

Principal Amount of Series 2012 C Bonds	$ 22,090,000.00
Original Issue Premium	2,832,127.55
Remaining Funds from Original Indenture	82,901.91
Total	$ 25,005,029.46

Uses:

Deposit to Escrow Account	$ 24,401,536.28
Deposit to Bond Issuance Expense Account (including Underwriters' Discount and the premium for the Series 2012 C Qualified Surety Bond)	603,493.18
Total	$ 25,005,029.46

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.

Under separate trust indentures and other instruments authorized under the Act, the Bond Bank has previously issued and has outstanding as of September 1, 2012, an aggregate principal amount of approximately $1,932,129,740 in separate program obligations not secured by the Indenture, approximately $474,460,000 of which obligations are secured by Debt Service Reserve Funds eligible for annual appropriation by the State General Assembly. 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 financing, if any, will be secured separately from the Series 2012 C Bonds and will not constitute Bonds 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, in part, political subdivisions, as defined in Indiana Code 36-1-2-13, state educational institutions, 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, notes or evidences of indebtedness of such qualified entities. Under the Act, qualified entities include entities such as cities, towns, counties, school corporations, library corporations, special taxing districts, state educational institutions, charter schools and nonprofit corporations and associations which lease facilities or equipment to such entities. The City of Columbus, Indiana, on behalf of the Board of Aviation Commissioners of the City of Columbus, Indiana, is a "qualified entity" within the meaning of the Act.

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: (i) a loan to or a lease or an agreement with a qualified entity; (ii) a purchase, acquisition or a sale of qualified obligations or other investments; or (iii) 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 the purchase of any qualified obligations, consider the need, 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; (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; and (v) obligations of certain types of qualified entities that have separate limits.

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 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 Board of Directors of the Bond Bank (the "Board") consists of seven Directors: the Treasurer of State, serving as Chairman Ex Officio, the Director of the Indiana Finance Authority, 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 Board elects one Director to serve as Vice Chairman. The Board also appoints and fixes 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.

Directors

The following persons, including those persons with the particular types of experience required by the Act, comprise the present Board:

Richard E. Mourdock, Treasurer of the State, 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 to 2002; Executive, Koester Companies, 1984 to 2000; Senior Geologist, Standard Oil Company, 1979 to 1984; Geologist, Amax Coal Company, 1974 to 1979.

Kendra York, Public Finance Director of the State, January 17, 2011 to present. Residence: Bargersville, Indiana. Indiana Finance Authority, Chief Operating Officer and General Counsel, 2007 to 2011; previously, attorney, of counsel, with Ice Miller LLP, municipal finance section; licensed to practice law in the states of Indiana and California.

William S. Konyha, Vice Chairman; term expired July 1, 2012. Residence: Wabash, Indiana. President & CEO, Economic Development Group of Wabash County, Inc., 2006 to present; Chairman, Indiana Main Street Council; Advisory Counsel, Office of Community and Rural Affairs; Governance Committee Member, Indiana Economic Development Association; Advisory Board, Ivy Tech State Community College.

Patrick F. Carr, Director; term expired July 1, 2011. Residence: Indianapolis, Indiana. President & Chief Financial Officer, Golden Rule Insurance Company, United Healthcare, 2010 to present; Golden Rule, Senior Vice President, Chief Financial Officer, 2005 to 2010; Mayflower Transit, Inc., President and CEO, 1995-2005; President of the Board, American Medical Insurance Company, 2006 to present; Treasurer of the Board, Center for Leadership, 2006 to present; Chairman of the Investment Committee, Catholic Community Foundation, 2009 to present; Board of Advisors, Langham Logistics, 2008 to present; Treasurer of Board of Directors, Legatus of Indiana, 1995 to present; Member of the Indiana CPA Society, American Institute of CPAs, and Financial Executive Institute.

Philip C. Belt, Director; term expires June 30, 2013. Residence: Indianapolis, Indiana. Senior Vice President and Chief Operating Officer, VMS BioMarketing, 2011 to present; Vice President, Private Equity, Credit Suisse, 2009 to 2011; Eli Lilly and Company, 1997 to 2009, Senior Director, Global Product Communications, 2008 to 2009; Senior Director, Corporate Communications, 2004 to 2008; Senior Director, Mergers and Acquisitions, 2000 to 2004; Director, Investor Relations, 1998 to 2000; Financial Manager/Financial Analyst, various roles, 1993 to 1997; Member of the Board of Elders, Church at the Crossing, 2004 to 2007.

Marni McKinney, Director, term expired July 1, 2004. Residence: Indianapolis, Indiana. Chairman, 2008 to present, Indiana Community Bank Advisory Board, M&I Marshall & Isley Bank; Vice President, 1984 to 1989, and Chairman of the Board, 1999 to 2008, First Indiana Bank; Vice Chairman and Chief Executive Officer, 1999 to 2005, and Chairman of the Board, 2005 to 2008, First Indiana Corporation; President and CEO, 1995 to 2000, The Somerset Group; Board of Directors, Fairbanks Hospital, Inc.; Board of Directors, Indiana State Symphony Society; Member, Advisory Panel of the Butler Business Accelerator; Member, Central Indiana Community Foundation Investment Committee; Member, Housing Trust Fund Advisory Committee of the City of Indianapolis.

J. Scott Davison, Director; term expired July 1, 2012. Residence: Zionsville, Indiana. Chief Financial Officer, One America Financial Partners, Inc., June 1, 2004 to present; Senior Vice President, Corporate Planning, July 1, 2002 to June 1, 2004; Vice President, Corporate Planning, December 1, 2000 to July 1, 2002; Senior Vice President and Chief Financial Officer, AUL Reinsurance Management Services, January 15, 2000 to December 1, 2000; Senior Vice President and Chief Financial Officer, Duncanson & Holt, Inc., October 1997 to January 15, 2000. Vice Chair, Indiana Sports Corporation, January 1, 2008 to present; Member of the Clarian Health Subcommittee on Investments, April 1, 2009 to present; Chairman of the Board for Camptown Inc., January 1, 2008 to present.

Although the expiration date of the terms of four of the Directors has passed, the Act provides that a Director's term will not expire until the Director's successor is appointed and qualified. No such successors have been appointed and qualified.

The Board is authorized to appoint and fix the duties and compensation of an Executive Director, who serves as both secretary and treasurer of the Board. Lisa Cottingham was appointed Executive Director of the Indiana Bond Bank effective July 28, 2010. Ms. Cottingham previously served as Controller for the Indiana Department of Corrections and was Executive Director of the Bond Bank from January, 1992 to July, 1995.

REVENUES, FUNDS AND ACCOUNTS

The Indenture creates certain Funds and Accounts identified in more detail below. Pursuant to the Indenture, the Trustee will deposit the net proceeds of the Series 2012 C Bonds, together with other moneys into these Funds and Accounts as described below. APPENDIX D sets forth a summary of certain provisions of the Indenture.

Creation of Funds and Accounts

The Indenture establishes or provides for the continuation of the following Funds and Accounts to be held by the Trustee:

1. General Fund - comprised of the following:

   (a) General Account
   (b) Bond Issuance Expense Account
   (c) Redemption Account

2. Debt Service Reserve Fund

3. Rebate Fund

Deposit of Net Proceeds of the Series 2012 C Bonds, Revenues and Other Receipts

On the date of delivery of the Series 2012 C Bonds, the Trustee will deposit the proceeds from the sale of the Series 2012 C Bonds, together with other moneys made available by the Bond Bank, as follows:

(a) Into the Bond Issuance Expense Account of the General Fund, the amount of $323,080.68 in order to pay the Costs of Issuance (other than the Underwriters' discount retained by the Underwriters and the premium for the Series 2012 C Qualified Surety Bond paid by the Underwriters directly to Assured Guaranty); and

(b) Into the Escrow Account under the Escrow Agreement, the amount of $24,318,634.37, which, together with other moneys held under the Original Indenture and transferred to the Escrow Account (in the amount equal to $82,901.91), will be used to defease and refund the Refunded Bonds.

The Trustee will deposit all Revenues and all other receipts (except the proceeds of the Series 2012 C Bonds, and moneys received by the Bond Bank from the sale or redemption prior to maturity of the Amended Qualified Obligations) into the General Account of the General Fund and will deposit any moneys received from the sale or redemption prior to maturity of the Amended Qualified Obligations into the Redemption Account of the General Fund. Thereafter, the Trustee will deposit the proceeds of any Refunding Bonds as provided under the Supplemental Indenture authorizing the issuance of such Refunding Bonds.

OPERATION OF FUNDS AND ACCOUNTS

General Fund

General Account. The Trustee will deposit in the General Account of the General Fund all moneys required to be deposited therein pursuant to the Indenture. The Trustee will invest such funds in accordance with the Indenture and will make the following payments from the General Account on the specific dates, and if there are not sufficient funds to make all the payments required, with the following order of priority:

(a) 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, to the Bondholders such amount as shall be necessary to pay the principal and interest coming due on the Bonds on such Interest Payment Date;

(b) As soon as funds become available to the Debt Service Reserve Fund, sufficient amounts to assure that the Reserve Requirement is met;

(c) At such times as shall be necessary, to the Credit Provider of the applicable Qualified Surety Bond, any amount necessary to pay any Debt Service Reserve Fund Reimbursement Obligation (as defined in APPENDIX E) in the manner provided in the Indenture;

(d) At such times as shall be necessary, amounts to pay the Program Expenses, but only to the extent contemplated in the most recent Cash Flow Certificate;

(e) On or before thirty (30) days after each anniversary of the issuance of the Bonds, any amount necessary to comply with any Rebate Fund requirements; and

(f) After making such deposits and disbursements and after the Trustee will make a determination of the amounts reasonably expected to be received in the form of Qualified Obligation Payments under the Indenture in the succeeding twelve months, to any other fund or account maintained by the Bond Bank, regardless of whether such fund or account is subject to the lien of the Indenture, all moneys in the General Fund which, together with such expected receipts for the succeeding twelve months are in excess of the amounts needed to pay principal of and interest on the Bonds within the immediately succeeding twelve-month period. No moneys shall 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, will at least equal debt service on all Outstanding Bonds along with Program Expenses, if any.

Bond Issuance Expense Account. The Trustee will disburse the amounts held in the Bond Issuance Expense Account 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. Any amounts remaining in the Bond Issuance Expense Account ninety (90) days after the issuance of the Bonds, will be transferred to the General Account of the General Fund.

Redemption Account. (a) The Trustee will deposit in the Redemption Account all moneys received upon the sale or redemption prior to maturity of the Amended Qualified Obligations and will disburse the funds in the Redemption Account as follows:

(1) On the fifteenth day of each month, to the General Account amounts of moneys equal to the amount of principal which would have been payable during the following month if such Amended Qualified Obligation had not been sold or redeemed prior to maturity.

(2) 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 shall transfer to the General Account moneys in the Redemption Account not already committed to the redemption of Bonds for which notice of redemption has been given.

(3) After making provisions for the required transfers to the General Account as described in subparagraphs (1) and (2) above, (i) to redeem Bonds of such maturity or maturities as directed by an Authorized Officer of the Bond Bank, if such Bonds are then subject to redemption, (ii) to the extent there are any excess moneys in the Redemption Account, transfer to the General Account, (iii) to purchase 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 Bonds are then subject to redemption, or (iv) to make investments of such moneys until the payment of Bonds at their maturity or maturities as directed by an Authorized Officer in accordance with the Indenture. Such purchase price may not, however, exceed the Redemption Price which would be payable on the next ensuing date on which the Bonds of the Series 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 Outstanding Bonds along with Program Expenses, if any. The Trustee will pay the interest accrued on the 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 shall be made by the Trustee within the period of forty-five (45) days next preceding an Interest Payment Date or a date on which such Bonds are subject to redemption under the provisions of the Indenture or the Supplemental Indenture authorizing the issuance of such Bonds. The Trustee will deliver the Bonds so purchased to the Trustee within five (5) days from the date of delivery to the Trustee.

(4) In the event that the Trustee is unable to purchase Bonds as described in clause (iii) of subparagraph (3) above, then, subject to restrictions on redemption set forth in the Indenture, the Trustee will call for redemption on the next redemption date such amount of Bonds of such maturity or maturities as directed by an Authorized Officer of the Bond Bank as will exhaust the Redemption Account as nearly as may be possible at the applicable Redemption Price. The Trustee will pay the interest accrued on any such redeemed Bonds to the date of redemption from the General Account and will pay the Redemption Price from the Redemption Account.

(b) 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.

Debt Service Reserve Fund

The Trustee will deposit in the Debt Service Reserve Fund all moneys required to be deposited therein pursuant to the Indenture, will invest such funds, and, except as provided in the Indenture, will disburse the funds held in the Debt Service Reserve Fund solely to the General Account for the payment of interest on and principal of the Series 2012 C Bonds and only in the event that moneys in the General Account are insufficient to pay principal of and interest on the Series 2012 C Bonds after all of the transfers thereto required to be made under the Indenture from the Redemption Account have been made. Amounts in the Debt Service Reserve Fund in excess of the Reserve Requirement will be transferred to the General Account or the Redemption Account, as directed by the Bond Bank.

The Bond Bank may cause to be deposited into the Debt Service Reserve Fund, for the benefit of the holders of the Series 2012 C Bonds, a Qualified Surety Bond. If such deposit causes the Debt Service Reserve Fund to be equal to the Reserve Requirement, moneys in the Debt Service Reserve Fund in excess of that needed for the Debt Service Reserve Fund to be equal to the Reserve Requirement will be moved in accordance with the Indenture, subject to the satisfaction of any Debt Service Reserve Fund Reimbursement Obligations from such excess as described below. If a disbursement is made pursuant to a Qualified Surety Bond, the Bond Bank will be obligated (but solely from the appropriations, if any, made and available pursuant to the Indenture or if otherwise available from the Trust Estate) within twelve months from the date on which such disbursement was made, to cure such deficiency, either (i) to reinstate the maximum limits of such Qualified Surety Bond or (ii) to deposit cash into the Debt Service Reserve Fund, or a combination of such alternatives, so that the Debt Service Reserve Fund is equal to the Reserve Requirement. The Trustee will include in the total amount held in the Debt Service Reserve Fund an amount equal to the maximum principal amount which could be drawn by the Trustee under any such Qualified Surety Bond on deposit with the Trustee. Amounts required to be deposited in the Debt Service Reserve Fund will include any amount required to satisfy a Debt Service Reserve Fund Reimbursement Obligation for any Qualified Surety Bond. The Trustee is authorized to move the amounts to satisfy the Debt Service Reserve Fund Reimbursement Obligations to the provider of the Qualified Surety Bond. See the caption "SERIES 2012 C QUALIFIED SURETY BOND" herein. Under the Indenture, the provider of any such Qualified Surety Bond, whether an insurer, a bank or trust company, must have its long-term debt obligations rated *at the time of issuance of such Qualified Surety Bond* in one of the three highest Rating Categories by the Rating Agency or Rating Agencies rating the Bonds.

Rebate Fund

The Trustee will establish and maintain, so long as any Bonds are outstanding and are subject to a requirement that arbitrage profits be rebated to the United States, a separate fund to be known as the "Rebate Fund." The Trustee will make information regarding the Bonds and investments hereunder available to the Bond Bank and will make deposits in and disbursements from the Rebate Fund in accordance with the written instructions received from the Bond Bank and pursuant to the Indenture, will invest the Rebate Fund pursuant to written investment instructions received from the Bond Bank and will deposit income from such investments immediately upon receipt thereof in the Rebate Fund.

If a deposit to the Rebate Fund is required as a result of the computations made by the Bond Bank, the Trustee will upon receipt of written directions from the Bond Bank accept such payment for the benefit of the Bond Bank and make transfers of moneys from the General Account to the Rebate Fund to comply with such direction. If amounts in excess of that required to be rebated to the United States of America accumulate in the Rebate Fund, the Trustee will upon written direction from the Bond Bank transfer such amount to the General Account. Records of the determinations required by the Indenture and the investment instructions must be retained by the Trustee until six (6) years after the Bonds are no longer Outstanding.

Not later than sixty (60) days after the fifth anniversary date of the date of issuance of the Bonds, and every five (5) years thereafter, the Bond Bank will pay to the United States the amount required to be paid to the United States pursuant to the Code as of such payment date, and not later than sixty (60) days after the final retirement of the Bonds, the Bond Bank will pay to the United States the amount required to be paid to the United States pursuant to the Code as of such retirement date. Each payment required to be paid to the United States pursuant to the Indenture will be, together with a properly completed Internal Revenue Service Form 8038-T, filed with the Internal Revenue Service Center, Ogden, Utah 84201 or such other location as the Code may require.

Amounts Remaining in Funds

Any amounts remaining in any Fund or Account after full payment of all of the Bonds outstanding under the Indenture, all required rebates and the fees, charges and expenses of the Trustee will be distributed to the Qualified Entity.

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, as directed by the Bond Bank, in investments which qualify as "Investment Securities" (as defined in APPENDIX E) 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 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.

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, except for income and profits on investment of funds in the Rebate Fund which shall remain in the Rebate Fund and except for income and profits on such investments of funds in the Debt Service Reserve Fund which shall remain in the Debt Service Reserve Fund until the balance in the Debt Service Reserve Fund equals the Reserve Requirement and thereafter to 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, subject to requirements of the Act with respect to earnings on money appropriated by the General Assembly to the Debt Service Reserve Fund, 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.

AVAILABILITY OF DOCUMENTS AND FINANCIAL INFORMATION

Separate audited financial reports of the State and the Bond Bank, respectively, (collectively, the "Financial Reports") are prepared annually and are presently available for the year ended June 30, 2011, and prior years. No financial reports related to the foregoing entities are prepared on an interim basis and there can be no assurance that there have not been material changes in the financial position of the foregoing entities since the date of the most recent available Financial Statements. Upon request and receipt of payment for reasonable copying, mailing and handling charges, the Bond Bank will make available copies of the most recent Financial Reports, any authorizing or governing instruments defining the rights of owners of the Series 2012 C Bonds or the owners of the Amended Qualified Obligations and available financial and statistical information regarding the Bond Bank and the Qualified Entity. Requests for documents and payments therefor should be directed and payable to the Indiana Bond Bank, 2980 Market Tower, 10 West Market Street, Indianapolis, Indiana 46204.

CONTINUING DISCLOSURE

Pursuant to disclosure requirements set forth in Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission (the "SEC") under the Securities Exchange Act of 1934, as amended (the "Rule"), and the terms of the Continuing Disclosure Undertaking Agreement (the "Undertaking"), among the State, the Bond Bank and the Trustee, the State will agree to provide or cause to be provided through the Trustee or the Bond Bank, as dissemination agent, certain annual financial information and operating data described below, as long as the State is an "obligated person" (within the meaning of the Rule) with respect to the Series 2012 C Bonds (or until such time as the Series 2012 C Bonds may be defeased, all as more fully set forth in the Undertaking):

1. <u>Audited Financial Statements</u>. To the Municipal Securities Rulemaking Board (the "MSRB") in its capacity as the sole nationally recognized municipal securities information repository through its Electronic Municipal Market Access ("EMMA") system, when and if available, the audited financial statements of the State for each fiscal year of the State, beginning with the fiscal year ended June 30, 2012, together with the independent auditor's report and all notes thereto; if audited financial statements are not available within 220 days following the

close of the fiscal year of the State, beginning with the fiscal year ended June 30, 2012, the State Annual Information (as defined below) shall contain unaudited financial statements, and the audited financial statements shall be filed in the same manner as the State Annual Information when they become available; and

2. Financial Information in this Official Statement. To the MSRB's EMMA system within 220 days following the close of the fiscal year of the State, beginning with the fiscal year ended June 30, 2012, annual financial information, other than the audited or unaudited financial statements described above, including operating data of the type provided in APPENDIX A — "FINANCIAL AND ECONOMIC STATEMENT FOR THE STATE OF INDIANA."

(The information described in items 1 and 2 above is referred to as the "Annual Information.")

Pursuant to the terms of the Undertaking, the Bond Bank and the State will also agree to provide to the MSRB's EMMA system with respect to the Series 2012 C Bonds, regardless of materiality, within ten (10) business days of the occurrence thereof:

(i) Principal and interest payment delinquencies;
(ii) Unscheduled draws on debt service reserves reflecting financial difficulties;
(iii) Unscheduled draws on credit enhancements reflecting financial difficulties;
(iv) Substitution of credit or liquidity providers, or their failure to perform;
(v) Defeasances;
(vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security;
(vii) Rating changes;
(viii) Tender Offers; or
(ix) Bankruptcy, insolvency, receivership or similar event of the Obligated Person ((i) through (ix) above are collectively referred to herein as, the "Required Event Notices").

In addition to the above events, the Bond Bank and the State will also agree to provide to the MSRB's EMMA System, notices of the occurrence of the following events, if material (which determination of materiality will be made by the State or the Bond Bank in accordance with standards established by federal securities law), within ten (10) business days of the occurrence thereof:

(i) Non-payment related defaults;
(ii) Modifications of rights of Series 2012 C Bondholders;
(iii) Series 2012 C Bond calls (other than mandatory scheduled redemptions);
(iv) Release, substitution or sale of property securing payment of the Series 2012 C Bonds;
(v) The consummation of a merger, consolidation or acquisition, or certain asset sales, involving the obligated person, or entry into or termination of a definitive agreement relating to the foregoing; or
(vi) Appointment of a successor trustee or change of name of a trustee ((i) through (vi) above are collectively referred to herein as, "Material Event Notices" and together with the Required Event Notices, the "Event Notices").

The State and the Bond Bank may from time to time choose to provide notice of the occurrence of certain other events, in addition to those listed above.

Provided the Bond Bank and the State have properly filed the Annual Information and any Event Notices with the MSRB's EMMA system in accordance with the Undertaking, neither the Bond Bank nor the State shall be responsible for any failure by the MSRB's EMMA system to properly post such information or to associate such information with the correct CUSIPs in respect of the Series 2012 C Bonds.

Failure to Disclose

In a timely manner, the Trustee (as counterparty under the Undertaking) shall notify the MSRB's EMMA system of any failure on the part of the State to provide the Annual Information. If any information relating to the State can no longer be provided because the operations to which they related have been materially changed or discontinued, a statement to that effect, provided by the State to the MSRB's EMMA system along with the Annual Information required as specified above and containing such information as is still available, will satisfy such party's undertaking to provide the Annual Information. To the extent available, such party will cause to be filed along with the Annual Information operating data similar to that which can no longer be provided.

Accounting Principles

The accounting principles pursuant to which the financial statements of the State will be prepared will be generally accepted accounting principles, as in effect from time to time or those mandated by State law from time to time.

Modification of Undertaking

The Bond Bank, the State and the Trustee may, from time to time, amend any provision of the Undertaking without the consent of the holders or Beneficial Owners of the Series 2012 C Bonds if: (a) (i) such amendment (if related to certain provisions of the Undertaking) 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 the State, as applicable or type of business conducted by the Bond Bank or the State, as applicable, (ii) the Undertaking, after giving effect to such amendment would have complied with the requirements of the Rule as of the date of such amendment, after taking into account any amendments or interpretations of the Rule as well as any change in circumstances, (iii) such amendment does not materially impair the interest of bondholders as determined by either: (A) a person selected by the State or the Bond Bank that is unaffiliated with the State or the Bond Bank (such as the Trustee) or (B) an approving vote of bondholders pursuant to the Indenture; or (b) such amendment is otherwise permitted by the Rule.

Remedy

The Undertaking is solely for the benefit of the holders and Beneficial Owners of the Series 2012 C Bonds and create no new contractual or other rights of the SEC, any underwriter (other than the Underwriters), brokers, dealers, municipal securities dealers, potential customers, other obligated persons or any other third party. The sole remedy against the State for any failure to carry out any provision of the Undertaking shall be for specific performance of its disclosure obligations under the Undertaking. Failure on the part of the State to honor its covenants under the Undertaking shall not constitute a breach or default of the Series 2012 C Bonds, the Indenture or any other agreement to which the State or the Bond Bank is a party. This remedy may be exercised by any holder or beneficial owner of the Series 2012 C Bonds who may seek specific performance by court order to cause the State to comply with its obligations thereunder.

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

Compliance with Previous Undertakings

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

ENFORCEABILITY OF REMEDIES

The remedies available to the Trustee or the holders of the Series 2012 C Bonds upon a default under the Indenture, to the Trustee or the Bond Bank under the Amended Qualified Obligations, the Lease Agreement, the Sublease Agreement and the Series 2012 C Purchase Agreement, or to any party seeking to enforce the pledges securing the Series 2012 C Bonds or the Amended Qualified Obligations (collectively, the "Pledges") 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 (or which may be provided) in the Indenture, the Series 2012 C Purchase Agreement, the Amended Qualified Obligations, the ordinances and resolutions of the Qualified Entity authorizing the execution and delivery of the Amended Qualified Obligations (the "Authorizing Instruments"), the Lease Agreement and the Sublease Agreement, or to any party seeking to enforce the Pledges, 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 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 Qualified Obligation Payments pledged to owners of the Series 2012 C Bonds under the Indenture or over the liens pledged to the owner of the Amended Qualified Obligations under the Authorizing Instruments.

The various legal opinions to be delivered concurrently with the delivery of the Series 2012 C 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, by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law) and by public policy. These exceptions would encompass any exercise of the Federal, State or local police powers in a manner consistent with the public health and welfare. Enforceability of the Indenture, the Series 2012 C Purchase Agreement, the Authorizing Instruments, the Lease Agreement, the Sublease Agreement and the Pledges in a situation where such enforcement may adversely affect public health and welfare may be subject to these police powers.

SERIES 2012 C BONDS AS LEGAL INVESTMENTS

Pursuant to the Act, all Indiana financial institutions, investment companies, insurance companies, insurance associations, executors, administrators, guardians, trustees, and other fiduciaries may legally invest sinking funds, money, or other funds belonging to them or within their control in bonds or notes issued by the Bond Bank.

TAX MATTERS

In the opinion of Faegre Baker Daniels LLP, Indianapolis, Indiana, Bond Counsel, under existing law, interest on the Series 2012 C Bonds 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 Series 2012 C Bonds (the "Code"). The opinion of Faegre Baker Daniels LLP is based on certain certifications, covenants and representations of the Bond Bank and the Qualified Entity executing and delivering the Amended Qualified Obligations and is conditioned on continuing compliance therewith. In the opinion of Faegre Baker Daniels LLP, Indianapolis, Indiana, Bond Counsel, under existing law, interest on the Series 2012 C Bonds is exempt from taxation in the State for all purposes, except for the State inheritance tax and the State financial institutions tax. See APPENDIX C for the form of Bond Counsel opinion.

The Code imposes certain requirements which must be met subsequent to the issuance of the Series 2012 C Bonds as a condition to the exclusion from gross income of interest on the Series 2012 C Bonds for federal income tax purposes. Noncompliance with such requirements may cause interest on the Series 2012 C Bonds to be included in gross income for federal income tax purposes retroactive to the date of issue, regardless of the date on which noncompliance occurs. Should the Series 2012 C Bonds bear interest that is not excludable from gross income for federal income tax purposes, the market value of the Series 2012 C Bonds would be materially and adversely affected. The Tax Covenants include covenants that: (i) the Bond Bank and the Qualified Entity will not take or fail to take any action with respect to the Series 2012 C Bonds, if such action or omission would result in the loss of the exclusion from gross income for federal income tax purposes of interest on the Series 2012 C Bonds under Section 103 of the Code, and the Bond Bank and the Qualified Entity will not act in any other manner which would adversely affect such exclusion; (ii) the Bond Bank and the Qualified Entity will not make any investment or do any other act or thing during the period that the Series 2012 C Bonds are outstanding which would cause the Series 2012 C 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 or the Authorizing Instruments if interest on the Series 2012 C Bonds or the Amended Qualified Obligations, respectively, is not excludable from gross income for federal income tax purposes pursuant to any provision of the Code which is not in effect on the date of issuance of the Series 2012 C Bonds.

The interest on the Series 2012 C Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes. However, interest on the Series 2012 C Bonds is includable in adjusted current earnings in calculating corporate alternative minimum taxable income for purposes of the corporate alternative minimum tax.

The Series 2012 C Bonds are not "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

Although Bond Counsel will render an opinion that interest on the Series 2012 C Bonds is excludable from gross income for federal income tax purposes and exempt from certain State income tax, the accrual or receipt of interest on the Series 2012 C 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. Bond Counsel expresses no opinion regarding any other such tax consequences. Prospective purchasers of the Series 2012 C Bonds should consult their own tax advisors with regard to other tax consequences of owning the Series 2012 C Bonds.

The foregoing does not purport to be a comprehensive description of all of the tax consequences of owning the Series 2012 C Bonds. Prospective purchasers of the Series 2012 C Bonds should consult their own tax advisors with respect to the foregoing and other tax consequences of owning the Series 2012 C Bonds.

LITIGATION

There is not now pending or, to the Bond Bank's knowledge, threatened any litigation: restraining or enjoining the issuance, sale, execution or delivery of the Series 2012 C Bonds; seeking to prohibit any transactions contemplated by the Indenture; or in any way contesting or affecting the validity of the Series 2012 C Bonds or the Amended Qualified Obligations or any proceedings of the Bond Bank taken with respect to the issuance or sale of the Series 2012 C Bonds, or the Pledges (as hereinafter defined under the caption "ENFORCEABILITY OF REMEDIES") or application of any moneys or security provided for payment of the Series 2012 C Bonds or the Amended Qualified Obligations. 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.

AMORTIZABLE BOND PREMIUM

The initial offering price of the Series 2012 C Bonds maturing on February 1, 2013 through and including February 1, 2025 (collectively, the "Premium Bonds"), is 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.

APPROVAL OF LEGAL PROCEEDINGS

Certain legal matters incident to the authorization, issuance, sale and delivery of the Series 2012 C Bonds are subject to the approval of Faegre Baker Daniels LLP, Indianapolis, Indiana, Bond Counsel, whose approving legal opinion will be delivered with the Series 2012 C Bonds, substantially in the form attached hereto as APPENDIX C. Certain legal matters will be passed on by Issuer's General Counsel, Barnes & Thornburg LLP, Indianapolis, Indiana, and Bose McKinney & Evans LLP, Indianapolis, Indiana, counsel for the Underwriters.

VERIFICATION OF MATHEMATICAL CALCULATIONS

The accuracy of certain mathematical computations showing that (i) payments on the Amended Qualified Obligations (which reflect the Call Rights Modification Credits received by the Qualified Entity), together with other available revenues, have been structured to be sufficient to pay principal of and interest on the Series 2012 C Bonds when due will be verified by Crowe Horwath LLP, independent certified public accountants and (ii) the adequacy of the maturing principal of the securities held in escrow, together with an initial cash deposit therein, to provide for the payment of principal and interest and premium, if any, on the Refunded 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.

UNDERWRITING

The Series 2012 C Bonds are being purchased by the Underwriters set forth on the cover page of this Official Statement. The Underwriters have agreed to purchase the Series 2012 C Bonds at an aggregate purchase price of $24,756,452.55, which represents the par amount of $22,090,000, plus original issue premium of $2,832,127.55 and less the Underwriters' discount of $165,675.00, pursuant to a purchase contract entered into by and between the Bond Bank and KeyBanc Capital Markets Inc., as representative of the Underwriters (the "Purchase Contract"). Such Purchase Contract provides that the Underwriters will purchase all of the Series 2012 C Bonds if any are purchased.

The Underwriters have agreed to make a bona fide public offering of all of the Series 2012 C 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 Series 2012 C Bonds to certain dealers (including dealers depositing Series 2012 C Bonds into investment trusts) and others at prices lower than the offering prices set forth inside the cover page hereof.

RATING

S&P has assigned a rating of "AA" to the Series 2012 C Bonds. This rating reflects only the view of S&P and an explanation thereof may be obtained from S&P at 55 Water Street, New York, New York 10041. Such rating is not a recommendation to buy, sell or hold the Series 2012 C 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 Series 2012 C Bonds any proposed revision or withdrawal of the rating of the Series 2012 C Bonds or to oppose any such proposed revision or withdrawal. Any such downward revision or withdrawal of this rating may have an adverse effect on the market price or marketability of the Series 2012 C Bonds.

MISCELLANEOUS

The references, excerpts, and summaries of all documents referred to herein do not purport to be complete statements of the provisions of such documents, and reference is made to all such documents for full and complete statements of all matters of fact relating to the Series 2012 C Bonds, the security for the payment of the Series 2012

C Bonds and the rights of the owners thereof. During the period of the offering, copies of drafts of such documents may be examined at the offices of the Underwriters. Following delivery of the Series 2012 C Bonds, copies of such documents may be examined at the offices of the Bond Bank.

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 Series 2012 C 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 Qualified Entity, the Trustee or the Underwriters and the purchasers or owners of any Series 2012 C Bonds. The delivery of this Official Statement has been duly authorized by the Board of Directors of the Bond Bank.

INDIANA BOND BANK

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

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APPENDIX A

FINANCIAL AND ECONOMIC STATEMENT
FOR
STATE OF INDIANA

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SCHEDULE OF TABLES

INTRODUCTION

This Financial and Economic Statement (this "Appendix A") for the State of Indiana (the "State") includes a description of the State's economic and fiscal condition, the results of operations and revenue and expenditure projections through the end of the biennium ending June 30, 2011. The information is compiled on behalf of the State by the State Budget Agency (the "Budget Agency") and the Indiana Finance Authority and includes information and data taken from the Budget Agency's unaudited reports. It also includes information obtained from other sources the State believes to be reliable.

This Appendix A should be read in its entirety, together with any supplements.

STRUCTURE OF STATE GOVERNMENT

Division of Powers

The State constitution divides the powers of State government into three separate departments: the executive (including the administrative), the legislative and the judicial. Under the State constitution, no person in any department may exercise any function of another department, unless expressly authorized to do so by the constitution.

Executive Department

The Governor, Lieutenant Governor, Secretary of State, Auditor of State, Treasurer of State, Attorney General and Superintendent of Public Instruction comprise the executive department of the State. All are elected for four-year terms.

The executive power of the State is vested in the Governor. The State constitution requires the Governor to take care that the laws are faithfully executed. The Governor may recommend legislation to the General Assembly of the State (the "General Assembly"), call special sessions of the General Assembly and veto any bill passed by the General Assembly (although any veto may be overridden if the bill is re-passed by a majority of all the members elected to each house of the General Assembly).

The Lieutenant Governor serves as the President of the State Senate. The Lieutenant Governor also serves as Secretary of Agriculture and Rural Development, is a member of the Indiana Housing and Community Development Authority, oversees the Office of Tourism Development, oversees the Office of Energy and Defense Development and chairs the Counter-Terrorism and Security Council.

The Secretary of State administers State laws regulating the chartering of new businesses, the filing of commercial liens and the issuance of trademarks, notaries public and summonses. In addition, the Secretary of State regulates the State's securities industry and oversees the State's elections.

The Treasurer of State is responsible for the investment and safekeeping of State moneys. The Treasurer of State is Secretary-Investment Manager of the State Board for Depositories and chairs the Indiana Bond Bank and Indiana Education Savings Authority. The Treasurer of State is a member of the State Board of Finance, Indiana Finance Authority, Indiana Housing and Community Development Authority, Indiana Wireless Enhanced 911 Advisory Board, Indiana Public Retirement System and Deferred Compensation Plan and is a Trustee of the Indiana State Police Pension Trust.

The Auditor of State maintains the State's centralized financial accounting system for all State agencies. Responsibilities include accounting for State funds, overseeing and disbursing tax distributions to local governments, paying the State's bills and paying the State's employees. The Auditor of State is required by statute to prepare and publish annual statements of State funds, outlining receipts and disbursements of each State department and agency. The Auditor of State is the administrator of the Deferred Compensation Plan, the secretary of the State Board of Finance and a member of the Board for Depositories and the Indiana Public Retirement System.

The Attorney General is the chief legal officer of the State and is required to represent the State in lawsuits in which the State is a party. The Attorney General, upon request, gives legal opinions to the Governor, members of the General Assembly and officers of the State. In addition, the Attorney General investigates and prosecutes certain consumer complaints and Medicaid fraud.

The Superintendent of Public Instruction chairs the State Board of Education and directs the Department of Education.

Legislative Department

The legislative authority of the State is vested in the General Assembly, which is comprised of the House of Representatives and the Senate. The House of Representatives consists of 100 members who are elected for two-year terms beginning in November of each even-numbered calendar year. The Senate consists of 50 members who are elected for four-year terms, with one-half of the Senate elected biennially. The Speaker presides over the House of Representatives. The members of the House of Representatives select the Speaker from among the ranks of the House.

By law, the term of each General Assembly extends for two years, beginning in November of each even-numbered calendar year. The first regular session of every General Assembly occurs in the following odd-numbered year, convening not later than the second Monday in January and adjourning not later than April 29. The second regular session occurs in the following year, convening not later than the second Monday in January and adjourning not later than March 14.

Special sessions of the General Assembly may be convened by the Governor at any time. A special session of the General Assembly may not exceed 30 session days during a 40-calendar-day period. The Governor cannot limit the subject of any special session or its scope.

Judicial Department

The judicial power of the State is vested in a Supreme Court, a Court of Appeals, Circuit Courts and such other courts as the General Assembly may establish.

The Judicial Nominating Commission (comprised of the Chief Justice or his designee, three attorneys elected by the attorneys of Indiana and three non-attorney citizens appointed by the Governor) evaluates the qualifications of potential candidates for vacant seats on the Supreme Court and Court of Appeals. When a vacancy occurs in either court, the Judicial Nominating Commission submits the names of three nominees and the Governor selects one of the three.

The initial term of each newly appointed justice and judge is two years, after which the justice or judge is subject to a "yes" or "no" referendum at the time of the next general election. For justices of the Supreme Court, the entire State electorate votes on the question of approval or rejection. For Court of Appeals judges, the referendum is by district. Those justices and judges receiving an affirmative vote serve a ten-year term, after which they are again subject to referendum.

FISCAL POLICIES

Fiscal Years

The State's fiscal year is the twelve-month period beginning on July 1 of each calendar year and ending on June 30 of the succeeding calendar year (a "Fiscal Year").

Accounting System

The State maintains a central accounting system that processes all payments for State agencies and institutions, except State colleges and universities. The Auditor of State is responsible for the pre-audit of all payments, the issuance of all warrants and the maintenance of the accounting system.

Budgetary control is integrated into the accounting system. Legislative appropriations are entered into the system as an overall spending limit by account for each agency within each fund, but appropriations are not available for expenditure until allotted by the Budget Agency. Allotments authorize an agency to spend a portion of its appropriation. The Budget Agency makes quarterly allotments. Capital is allotted as projects are approved by the State Budget Committee.

The accounting system is maintained using the cash basis of accounting. At year-end, accruals are recognized as necessary to convert from the cash basis of accounting. Government-wide financial statements are recognized as full accrual basis of accounting and fund statements are recognized as modified accrual basis of accounting in accordance with generally accepted accounting principles for government financial reporting purposes.

Fund Structure

Funds are used to record the financial activities of State government. There are three major fund types: Governmental, Proprietary and Fiduciary.

Governmental Funds. Governmental Funds are used to account for the State's general governmental activities and use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenue is recognized when susceptible to accrual (that is, when it is "measurable and available"). Expenditures are recorded when the related fund liability is incurred, except that (i) unmatured interest on general long-term debt is recognized when due and (ii) certain compensated absences and related liabilities and claims and judgments are recognized when the obligations are expected to be liquidated. Governmental Funds include the General Fund, Special Revenue Funds, Debt Service Funds and Capital Projects Funds.

General Fund. The General Fund is maintained to account for resources obtained and used for those services traditionally provided by State government that are not required to be accounted for in another fund.

Special Revenue Funds. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes.

Special Revenue Funds include the Motor Vehicle Highway Fund, which receives revenue from gasoline taxes and motor vehicle registrations and operator licensing fees, and distributes that revenue among the State and its counties, cities and towns to be used for the construction, reconstruction, improvement, maintenance and policing of highways and secondary roads.

Debt Service Funds. Debt Service Funds are used to account for the accumulation of resources and payment of bond principal and interest from special revenue component units that are bodies corporate and politic with the legal authority to issue bonds to finance certain improvements within the State.

Capital Projects Funds. Capital Projects Funds are used to account for financial resources to be used by the State for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds). Capital Projects Funds include the Post War Construction Fund, Build Indiana Fund ("BIF"), Veterans Home Fund, State Police Building Commission Fund, Law Enforcement Academy Building Fund, Interstate Bridge Fund and Major Construction-Indiana Army National Guard Fund.

Proprietary Funds. Proprietary Funds are used to account for a government's business-type activities. They use the accrual basis of accounting. There are two types of Proprietary Funds: Enterprise Funds and Internal Service Funds.

Enterprise Funds. Enterprise Funds are used to account for provision of services to customers outside the government. Examples are the State Lottery Commission and Inns and Concessions.

Internal Service Funds. Internal Service Funds are used to account for provision of services to other funds, departments or agencies of the government. For example, the Indiana Office of Technology and the State Personnel Department provide centralized resources to state agencies.

Fiduciary Funds. Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and cannot be used to support government programs. They use the accrual basis of accounting. Indiana has three types of Fiduciary Funds: Pension Trust Funds, Private-purpose Trust Funds and Agency Funds.

Pension Trust Funds. Pension Trust Funds are used to report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, other post-employment benefit plans or other employee benefit plans. Examples are the State Police Pension Fund and the Employees' Deferred Compensation Fund.

Private-purpose Trust Funds. Private-purpose Trust Funds are used to report any trust arrangement not properly reported in a pension trust fund or an investment trust fund under which principal and income benefit individuals, private organizations or other governments. Examples are the Student Loan Program Fund and the Abandoned Property Fund.

Agency Funds. Agency Funds are used to account for situations where the government's role is purely custodial, such as the receipt, temporary investment and remittance of fiduciary resources to individuals, private organizations or other governments. Examples are the Child Support Fund and the Local Distributions Fund.

Budget Process

State Budget Agency. The Budget Agency is responsible for preparing the State budget. After the budget is enacted by the General Assembly, the Budget Agency has extensive statutory authority to administer it. The chief executive officer of the Budget Agency is the State Budget Director, who is appointed by the Governor. The Governor also appoints two Deputy Budget Directors; by law, the deputies must be of different political parties.

State Budget Committee. The Budget Committee consists of the State Budget Director and four State legislators. The Budget Committee oversees the preparation of the budget and administration of capital budgets after enactment. The legislative members of the Budget Committee consist of two members of the Senate, appointed by the President pro tempore of the Senate, and two members of the House of Representatives, appointed by the Speaker of the House of Representatives. One of the two appointees from each chamber must be nominated by the minority floor leader. Four alternate members of the Budget Committee must be legislators selected in the same manner as regular members. An alternate member participates and has the same privileges as a regular member, except that an alternate member votes only if the regular member from the alternate member's respective chamber and political party is not present. The legislators serve as liaisons between the executive and legislative departments and provide fiscal information to their respective caucuses.

Budget Development. The State operates under a two-year budget; the legislature enacts one act containing two annual budgets. On or before the first day of September in each even-numbered year, all State agencies, including State-supported higher education institutions and public employee and teacher pension fund trustees, submit budget requests to the Budget Agency. The Budget Agency then conducts an internal review of each request. In the fall of each even-numbered year, the Budget Committee begins hearings on budget requests. After presentations by the agencies and the Budget Agency, the Budget Committee makes budget recommendations to the Governor.

Revenue Projections. Revenue projections are prepared by the State's Technical Forecast Committee (the "Forecast Committee"). Starting with the December 2008 forecast, Global Insight, Inc. provided the forecasted independent variables. Global Insight, Inc. was chosen following a thorough evaluation of submitted proposals based on forecasting capabilities and detailed knowledge of the State, national, and international economies.

The Forecast Committee is responsible for developing econometric models used to derive the State's revenue projections and for monitoring changes in State and federal laws that may have an impact on State revenue. Each regular member of the Budget Committee appoints a member of the Forecast Committee. Members of the Budget Committee appoint one additional member from a higher education institution for a total of six members. Members of the Forecast Committee are individuals with expertise in public finance.

Budget Report. The budget report and budget bill are prepared by the Budget Committee with the Budget Agency's assistance. The budget report and bill are based upon the recommendations and estimates prepared by the Budget Agency and the information obtained through hearings and other inquiries. If the Budget Agency and a majority of the members of the Budget Committee differ upon any item, matter or amount to be included in the budget report and bill, the recommendation of the Budget Agency is included in the bill.

Before the second Monday of January in the year immediately after their preparation, the Budget Committee submits the budget report and bill to the Governor. The Governor then delivers the budget bill to the Budget Committee members appointed by the Speaker of the House of Representatives for introduction in the House. Although there is no law that requires a budget bill to originate in the House, by tradition, the House passes a budget bill first and sends it to the Senate for consideration.

The budget report includes (a) a statement of policy, (b) a general summary, (c) detailed data on actual receipts and expenditures for the previous budget period, (d) a description of the State capital improvement program, (e) the requests for appropriations by State agencies and (f) the Budget Agency's recommended appropriations.

Appropriations. Within 45 days following the adjournment of each regular session of the General Assembly or within 60 days following a special session of the General Assembly, the Budget Agency is required to prepare a list of all appropriations made for the budget period beginning on July 1 following such session, or for such other period as may be provided in the appropriation. The State Budget Director is required to prepare a written review and analysis of the fiscal status and affairs of the State as affected by the appropriations. The report is forwarded to the Governor, the Auditor of State and each member of the General Assembly.

On or before the first day of June of each calendar year, the Budget Agency is required to prepare a list of all appropriations made for expenditure or encumbrance for the ensuing Fiscal Year. The Auditor of State then establishes the necessary accounts based upon the list.

Intra-Agency Transfers. The Budget Agency is responsible for administering the State budget after it is enacted. The Budget Agency may, with the approval of the Governor and the State Budget Director, transfer, assign or reassign all or any part of any appropriation made to any agency for a specific use or purpose to another use or purpose, except any appropriation made to the Indiana State Teachers' Retirement Fund. The Budget Agency may take such action only if the transfer, assignment or reassignment is to meet a use or purpose that an agency is required or authorized by law to perform. The agency whose appropriation is involved must approve the transfer, assignment or reassignment.

Contingency Appropriations. The General Assembly may also make "contingency appropriations" to the Budget Agency, which are general and unrelated to any specific State agency. In the absence of other directions imposed by the General Assembly, contingency appropriations must be for the general use of any agency of the State and must be for its contingency purposes or needs, as the Budget Agency in each situation determines. The Budget Agency fixes the amount of each transfer and orders the transfer from such appropriations to the agency. The Budget Agency may make and order allocations and transfers to, and authorized expenditures by, the various State agencies to achieve the purposes of such agencies or to meet the following: (a) necessary expenditures for the preservation of public health and for the protection of persons and property that were not foreseen when appropriations were last made; (b) repair of damage to, or replacement of, any building or equipment owned by the State which has been so damaged as to materially affect the public safety or utility thereof, or which has so deteriorated as to become unusable if such deterioration was not foreseen when appropriations were last made; (c) emergencies resulting from an increase in costs or any other factor or event that was not foreseen when appropriations were last made; or (d) supplement an exhausted fund or account of any State agency, whatsoever the cause of such exhaustion, if it is found necessary to accomplish the orderly administration of the agency or the accomplishment of an existing specific State project.

These provisions may not change, impair or destroy any fund previously created nor affect the administration of any contingency appropriations previously or subsequently made for specific purposes.

State Board of Finance

The State Board of Finance (the "Finance Board") consists of the Governor, the Treasurer of State and the Auditor of State. The Finance Board elects from its membership a president, who, by tradition, is the Governor. The Auditor of State is the secretary of the Finance Board. The Finance Board is responsible for supervising the fiscal affairs of the State and has advisory supervision of the safekeeping of all funds coming into the State treasury and all other funds belonging to the State coming into the possession of any State agency or officer. The Finance Board may transfer money between funds, except trust funds, and the Finance Board may transfer money between appropriations for any State board, department, commission, office or benevolent or penal institution.

The Finance Board has statutory authority to negotiate loans on behalf of the State for the purpose of meeting "casual deficits" in State revenue. A loan may not be for a period longer than four years after the end of the Fiscal Year in which it is made. If sufficient revenue is not being received by the General Fund to repay the loan when due, the Finance Board may levy a tax on all taxable property in the State sufficient to pay the amount of the indebtedness. The Finance Board has never negotiated a loan to meet a deficit in State revenue.

Office of Management and Budget

The Office of Management and Budget ("OMB") directs the fiscal management and budget policy of the State. The Director ("Director") of the OMB is the chief financial officer of the State, and reports directly to the Governor. The Director is responsible for and has authority over all functions performed by the Budget Agency, the Department of State Revenue, and the Department of Local Government Finance, as well as all budgeting, accounting and spending functions within the various agencies, departments and programs of State government. The Director may also serve as the State Budget Director. By statutory designation, the State Budget Director also serves as the Chairman of the Indiana Finance Authority. Pursuant to Executive Order 05-02, the OMB oversees and coordinates the functions, responsibilities and duties of the Indiana Public Retirement System and the State Board of Accounts to the fullest extent permitted by law.

The Division of Government Efficiency and Financial Planning of the OMB conducts operational and procedural audits of State government, performs financial planning, designs and implements efficiency projects, and carries out such other responsibilities as may be designated by the Director.

Cash Management and Investments

The Treasurer of State is responsible for the receipt, custody and deposit of all moneys paid into the State Treasury and keeps daily accounts of all funds received into the Treasury and all moneys paid out of it. The Treasurer of State is responsible for investing the General Fund and more than 60 other funds. The investments in which the Treasurer of State may invest State funds are limited to: (a) securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States and issued by the United States Treasury, a federal agency, a federal instrumentality or a federal government sponsored enterprise; (b) obligations issued by (i) agencies or instrumentalities of the United States government, (ii) federal government sponsored enterprises or (iii) the Indiana Bond Bank that are secured by tax anticipation time warrants or notes that (A) are issued by a political subdivision of the State and (B) have a maturity date not later than the end of the calendar year following the year of issuance; (c) certain money market mutual funds, the portfolio of which is limited to (i) direct obligations of the United States, (ii) obligations issued by any federal agency, federal instrumentality or federal government sponsored enterprise or (iii) repurchase agreements fully collateralized by obligations described in (i) or (ii); (d) deposit accounts of certain designated depositories; or (e) certain other securities. Investments may be made only in securities having a maturity of up to two years, except that up to 25% of the total portfolio of funds invested by the Treasurer of State may be invested in securities having a maturity of up to five years.

Audits

The State Board of Accounts is the State agency responsible for (a) auditing all State and local units of government and (b) approving uniform systems of accounting for such governments.

The State Board of Accounts performs its financial and compliance audits in accordance with generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States. The State Board of Accounts issues its opinion on the fairness of financial statements and their conformity to generally accepted accounting principles for the State agencies and local units of government it audits, including the comprehensive annual financial report (or CAFR) prepared annually by the Auditor of State.

2011 Financial Report

The Indiana Comprehensive Annual Financial Report For Fiscal Year Ended June 30, 2011 (the "2011 Financial Report"), contains certain financial information about the State, including the financial statements of the State as of and for the Fiscal Year ended June 30, 2011, as set forth therein. The 2011 Financial Report, which is available to the public on the Municipal Securities Rulemaking Board's Internet Web site, is included in this Appendix A by specific reference.

A copy of the 2011 Financial Report is available from the Municipal Securities Rulemaking Board ("MSRB") through its Electronic Municipal Market Access ("EMMA") System. In addition, the 2011 Financial Report may be found at: http://www.in.gov/auditor/.

The 2011 Financial Report speaks only as of its date. The inclusion of the 2011 Financial Report in this Appendix A does not imply that there has been no change in the information therein since the date thereof.

STATE BUDGET PROFILE AND FINANCIAL RESULTS OF OPERATIONS

Property Tax Reform

In 2008, the General Assembly enacted significant property tax legislation, P.L. 146-2008. The plan included both short-term relief and long-term reform. Short-term relief, $620 million of additional State homestead credits in calendar year 2008, was funded through the revenues generated from the 1% increase, from 6% to 7%, in the state sales and use tax which was effective April 1, 2008. The long-term reform is based on the State assumption of costs historically funded through property taxes levied by local units of government. These expenses include but are not limited to the school general fund, five child welfare levies, certain police and fire pension benefit payments, juvenile incarceration costs, and certain levies for state purposes. Funding for these expenditures are provided by the increase in sales tax, the retention and redirection of funds deposited and formerly used for state property tax replacement and homestead credits, and gaming revenue from the taxation of slot machines operated at two licensed horse racing facilities.

Other elements of the reform plan include caps on the amount property owners must pay. Any impact on local budgets resulting from the caps will be borne by the local unit of government. The State has no obligation to compensate local units of government for any lost property tax revenue as a result of the caps. The caps were subject to state-wide user referendum, which was overwhelmingly approved to be incorporated into the State of Indiana Constitution on November 2, 2010.

P.L. 146-2008 increased the state Earned Income Tax Credit rate from 6% to 9%. In addition, the renter's deduction was increased from $2,500 to $3,000.

Operating Revenue

While certain revenue of the State is required by law to be credited to particular funds other than the General Fund, the requirement is primarily for accounting purposes and may be changed. Substantially all State revenue is general revenue until applied. No lien or priority is created to secure the application of such revenue to any particular purpose or to any claim against the State. All revenue not allocated to a particular fund is credited to the General Fund. The general policy of the State is to close each Fiscal Year with a surplus in the General Fund and a zero balance in all other accounts, except for certain dedicated and trust funds and General Fund accounts reimbursed in arrears.

The combined State receipts in the General Fund are referred to as "State Operating Revenue" or "Operating Revenue." Operating Revenue is defined as the General Fund and other revenue forecasted by the Technical Forecast Committee. Total Operating Revenue together with "DSH revenue" transferred to the General Fund, plus transfers from other funds when necessary and available, are used in the determination of the State's unappropriated balance reflected on the General Fund Unappropriated Reserve Statement. "DSH" is an acronym for "Disproportionate Share for Hospitals (federal funds)," and DSH revenue constitutes additional Medicaid reimbursements provided to the State for hospitals that serve disproportionately large numbers of poor people.

General Fund Revenue Sources

Sales and use taxes, corporate and individual income taxes and wagering taxes are the three primary sources of State Operating Revenue. Table 1 provides annual revenue by source and growth rates over time. The following is a summary of Operating Revenue by source.

Sales and Use Taxes. As part of the property tax reform legislation enacted in P.L. 146-2008, the sales and use tax rate was increased from 6.0% to 7.0%, effective April 1, 2008. This tax is imposed on the sale and rental of tangible personal property and the sale of certain services, including the furnishing of public utility services and the rental or furnishing of public accommodations such as hotel and motel room rentals. In general, the complementary 7.0% use tax is imposed upon the storage, use or consumption of tangible personal property in the State. Some of the major exemptions from the sales and use taxes are sales of certain property to be used in manufacturing, research and development equipment after July 1, 2007, agricultural production, public transportation or governmental functions, sales for resale, food sold in grocery stores and prescription drugs.

Corporate Income Taxes.

Corporate Adjusted Gross Income Tax. The corporate adjusted gross income tax is applicable to corporations doing business in the State. The corporate adjusted gross income tax rate is 8.5% of apportioned Indiana adjusted gross income (AGI). P.L 172-2011 reduced the corporate AGI tax rate from 8.5% to 6.5% in 0.5% increments over four years beginning on July 1, 2012. The phase-in of the tax rate reduction will be complete on July 1, 2015. AGI is federal taxable income with certain additions and subtractions. Certain international banking facilities and insurance companies, S corporations, limited liability companies, partnerships and tax-exempt organizations (to the extent their income is exempt for federal tax purposes) are not subject to the corporate adjusted gross income tax. Corporate adjusted gross income tax collections are allocated to the General Fund.

Financial Institution Tax. This tax is applicable to a financial institution for the privilege of exercising its franchise or the corporate privilege of transacting the business of a financial institution in Indiana. It applies to any business which is primarily engaged in extending credit, or engaged in leasing. The tax base is a taxpayer's apportioned adjusted gross income with statutory deductions and additions. Insurance companies, international banking facilities, federally chartered credit unions, and S corporations are exempt. The tax rate is 8.5%. Local units of government are guaranteed revenue based on the former Financial Institution Taxes in 1989. Any remaining revenue collected is deposited in the state General Fund.

Utilities Receipts Tax. The utilities receipts tax is based on gross receipts from retail utility sales and is imposed at a rate of 1.4%. All revenue is deposited in the state General Fund. Utilities must also pay the corporate adjusted gross income tax. Effective July 1, 2007, a use tax was imposed on consumers of utilities if the Utilities Receipts Tax was not paid by the seller. The use tax is imposed at the rate of 1.4% on the gross purchase price of the utilities.

Individual Adjusted Gross Income Tax. Adjusted gross income (federal adjusted gross income modified by adding back certain federal adjustments and subtracting certain federal exemptions and deductions) of residents and non-residents with income derived from Indiana sources is taxed at 3.4%. All revenue derived from the collection of the adjusted gross income tax imposed on persons is credited to the General Fund.

Wagering Tax. The wagering tax is applied to the adjusted gross receipts of riverboat gambling operations in Indiana. Riverboat gambling operations are permitted to implement flexible scheduling, enabling patrons to gamble while a riverboat is docked. Riverboats that adopt flexible scheduling are required to pay a graduated tax currently set at 15% of the first $25 million of adjusted gross receipts in a fiscal year, 20% of receipts between $25 million and $50 million, 25% of receipts between $50 million and $75 million, 30% of receipts between $75 million and $150 million, 35% of receipts between $150 million and $600 million, and 40% of all adjusted gross receipts exceeding $600 million.

In addition, the first $33 million of wagering taxes collected in the State's fiscal year must be set aside for revenue sharing among local units of government that do not have riverboats. Of the remaining revenue, 25% is distributed to the cities and counties with riverboat operations, and 75% is deposited in the General Fund. The legislation capped the amounts that may be distributed to the cities and towns with riverboat operations at the amounts distributed in Fiscal Year 2002. All revenue in excess of the capped amounts is deposited in the General Fund. The General Fund receives 37.5% of wagering tax from the Orange County Casino. The remaining wagering tax revenue from the Orange County Casino is deposited in the local funds. From the revenue distributed to the General Fund, an amount is distributed annually to the BIF. The transfer amount is such that the total lottery and gaming revenue deposited in the BIF equals $250 million in a Fiscal Year. Interest revenue deposited in the fund does not count against the $250 million cap.

In 2007, the General Assembly enacted legislation authorizing the two existing licensed horse racing facilities in Indiana to install up to 2,000 slot machines on their premises. P.L. 233-2007 imposed a one-time license fee of $250 million per track and graduated wagering taxes in the amount of 25% of the first $100 million of adjusted gross receipts in a fiscal year, 30% of receipts between $100 million and $200 million, and 35% of receipts exceeding $200 million.

In 2011, the General Assembly enacted P.L 172-2011 that provides that the graduated slot machine wagering tax applies to 99% of the adjusted gross receipts received beginning July 1, 2012.

The license fee receipts were deposited in the Property Tax Reduction Trust Fund to fund homestead credits for calendar years 2007 and 2008. Until December 31, 2008, wagering taxes from the two licensed horse racing facilities were deposited in the Property Tax Reduction Trust Fund. Any remaining funds in the Property Tax Reduction Trust Fund were transferred to the General Fund. Beginning January 1, 2009, the wagering taxes are deposited in the General Fund.

Other Operating Revenue. Other revenue ("Other Revenue") is derived from cigarette taxes, alcoholic beverage taxes, inheritance taxes, insurance taxes, interest earnings and miscellaneous revenue. The current cigarette tax is $0.995 per pack.

Lottery and Gaming Revenue

By statute, certain revenue from the Hoosier Lottery, horse racing pari-mutuel wagering tax and charity gaming taxes and license fees (collectively, "Gaming Revenue") must be deposited in the BIF. Currently, the annual distributions of wagering tax revenue to the BIF is in the amount of $250 million per year less the annual amounts distributed to the BIF from Hoosier Lottery profits, charitable gaming taxes and license fees and pari-mutuel wagering taxes. Any revenue in excess of $250 million is to remain in the General Fund. For a description of wagering taxes, *see* "STATE BUDGET PROFILE AND FINANCIAL RESULTS OF OPERATIONS - General Fund Revenue Sources—Wagering Tax."

Before Hoosier Lottery profits are transferred to the BIF, $60 million annually is used to fund pension liabilities—$30 million goes to the Teachers' Retirement Fund and $30 million goes to the local Police and Firefighter Pension Fund. For Fiscal Year 2011, the Hoosier Lottery changed the revenue transfer schedule from quarterly to monthly, thus accelerating two months of profits transferred to state funds. As a result, $35 million was transferred to the Teachers' Retirement Fund and $35 million was transferred to the local Police and Fire Pension Fund (for a total of $70 million in Fiscal Year 2011). The Hoosier Lottery continued the monthly transfer schedule in Fiscal Year 2012 and plans to do so in future years. All lottery and gaming revenue deposited to BIF is appropriated by the General Assembly, and the statute that governs deposits of that revenue also governs priority of distribution in the event that revenue falls short of appropriations. At present, the highest distribution priority (after pension account transfers) is to the State's counties for motor vehicle excise tax replacement, providing a substantial cut in the excise tax charged on motor vehicles; $236.4 million was appropriated for Fiscal Year 2012.

As shown below, gaming revenue totaling $964.4 million was collected by the State in Fiscal Year 2012. These numbers include revenue deposited in the state and local funds but does not include riverboat admissions tax revenue distributed in Fiscal Year 2012 to state and local units in the amount of $75.1 million. The $747.7 million for wagering taxes includes $117.5 million in revenues from slot machine operations allowed at Indiana horse racing facilities under P.L. 233-2007.

Type of Tax	FY 2012
Wagering Taxes	$747.7
Lottery	$207.6
Charity Gaming	$5.6
Horse Racing	$3.1
Type II Gambling	$0.4
Total	$964.4

Source: State Budget Agency

P.L 233-2007, enacted in 2007, imposed a license fee and directed wagering taxes to be deposited in the State Property Tax Reduction Trust Fund. This fund was established to provide additional property tax relief to property owners. As part of the property tax reform legislation in P.L. 146-2008, the State Property Tax Reduction Trust Fund was eliminated on December 31, 2008. Any remaining funds were, and future wagering taxes will be, deposited in the General Fund. Beginning January 1, 2009, the wagering taxes are deposited in the General Fund.

Revenue History

Annual percentage changes for each component of Operating Revenue are reflected in Table 1. The table also includes actual revenue for prior Fiscal Years as well as projected revenue for Fiscal Year 2013.

Table 1
State Operating Revenue
(Millions of Dollars)

	FY 2007[1]	FY 2008[1]	FY 2009[1]	FY 2010[1]	FY 2011[1]	FY 2012[2]	FY 2013[2]
Sales Tax	5,379.1	5,686.0	6,153.2	5,914.7	6,217.5	6,621.8	6,864.6
Changes from Prior Year	2.92%	5.71%	8.22%	-3.88%	5.12%	6.50%	3.67%
Individual Income	4,615.6	4,837.5	4,313.8	3,875.6	4,585.6	4,765.5	5,084.0
Change from Prior Year	6.78%	4.81%	-10.83%	-10.16%	18.32%	3.92%	6.68%
Corporate Income[3]	987.1	909.5	839.0	592.2	704.8	958.8	784.9
Change from Prior Year	6.67%	-7.86%	-7.75%	-29.42%	19.01%	36.04%	-18.14%
Wagering Tax	625.3	582.9	608.2	658.9	660.3	614.1	567.1
Change from Prior Year	6.00%	-6.78%	4.34%	8.34%	0.21%	-7.00%	-7.65%
Other[4]	1,019.1	1,066.3	1,021.1	1,145.4	1,106.0	1,164.9	1,131.4
Change from Prior Year	2.28%	4.63%	-4.24%	12.17%	-3.44%	5.33%	-2.88%
Total[5][6]	12,626.2	13,082.2	12,935.3	12,186.7	13,274.2	14,125.1	14,432.0
Change from Prior Year	4.69%	3.61%	-1.12%	-5.79%	8.92%	6.41%	2.17%

(1) Actual, but unaudited, Operating Revenue.
(2) Revenues are as projected by the Technical Forecast Committee on December 14, 2011. Revenues exclude Disproportionate Share Hospital (DSH), Quality Assessment Fee (QAF), Hospital Assessment Fee (HAF), and other miscellaneous revenues excluded from the forecast such as Marion County Juvenile Arrearage payments and dedicated statewide cost allocation plan revenues.
(3) Corporate Income Tax collections were under-reported in FY 2007 through FY 2011 as the result of a programming error. The amounts listed above should be increased by $4.7 million for FY 2007, $29.6 million for FY 2008, $56.2 million for FY 2009, $58.3 million for FY 2010, and $139.2 million for FY 2011. This revenue is reflected in Table 4 as "Prior Year Corporate Income Tax (e-check).
(4) See "General Fund Revenue Sources – Other Operating Revenue
(5) "P.L. 146-2008, the Governor's property tax reform legislation, included the following revenue changes in Fiscal Year 2009: an increase in sales tax from 6% to 7% effective April 1, 2008; individual income impacted by state-captured miscellaneous revenues and increase in renter's deduction; wagering tax from slots at the race tracks; and loss of reimbursement for juvenile incarceration costs.
(6) Excluding P.L. 156-2008, total revenues increased by 2.4% in Fiscal Year 2008, and then decreased by 7.4% in Fiscal Year 2009. Excluding P.L. 146-2008, wagering tax revenues decreased by 6.4% in Fiscal Year 2009. Excluding P.L. 146-2008, other revenues decreased by 7.6%in Fiscal Year 2009.

Source: State Budget Agency

Operating Expenditures

Actual expenditures may differ from estimated levels as a result of a number of factors, including unforeseen expenses and executive and legislative action. The State's five largest expenditure categories (as of FY 2009) include local school aid, higher education, property tax relief, Medicaid and correction. Table 2 sets forth operating expenditures and estimates for all major expenditure categories for Fiscal Years 2007 through 2013.

Table 2
Expenditures
(Millions of Dollars)

	FY 2007[1]	FY 2008[1]	FY 2009[1]	FY 2010[1]	FY 2011[1]	FY 2012[2]	FY 2013[2]
Local School Aid[3]	4,628.8	4,795.6	5,673.1	7,147.2	7,249.0	7,269.4	7,452.7
Change from Prior Year	2.48%	3.60%	18.30%	25.98%	1.42%	0.28%	2.52%
Property Tax Relief[4]	2,211.6	2,346.4	1,660.0	0.0	0.0	0.0	0.0
Change from Prior Year	1.94%	6.10%	-29.25%	-100.00%	N/A	N/A	N/A
Higher Education[5]	1,589.8	1,704.8	1,756.3	1,711.7	1,703.1	1,691.1	1,701.7
Change from Prior Year	1.35%	7.23%	3.02%	-2.54%	-0.50%	-0.70%	0.63%
Medicaid[6]	1,514.6	1,583.2	1,321.8	1,259.9	1,436.0	1,856.4	2,023.8
Change from Prior Year	4.09%	4.53%	-16.51%	-4.68%	13.98%	29.28%	9.02%
Correction	589.2	615.7	634.8	652.4	647.5	638.3	672.4
Change from Prior Year	0.89%	4.50%	3.10%	2.77%	-0.75%	-1.42%	5.34%
Other[7][8]	1,712.8	1,834.0	2,005.9	2,143.8	2,001.5	2,123.4	2,242.2
Change from Prior Year	7.04%	7.08%	9.37%	6.87%	-6.64%	6.09%	5.59%
Total	12,246.8	12,879.7	13,051.9	12,915.0	13,037.1	13,578.6	14,092.8
Change from Prior Year	2.96%	5.17%	1.34%	-1.05%	0.95%	4.15%	3.79%

(1) Actual, but unaudited, expenditures.
(2) Estimated expenditures.
(3) Fiscal Year 2009 figures exclude $536.4 million of Education Stabilization Funds provided under the American Recovery and Reinvestment Act (ARRA). Inclusion of these funds would result in a total of $6,209.5 million, an increase of 29.48% over Fiscal Year 2008, primarily attributable to P.L. 146-2008. Fiscal Year 2010 figures also exclude Education Stabilization Funds provided under AARA.
(4) P.L. 146-2008, the Governor's property tax reform legislation, replaced Property Tax Replacement Credits with the State assuming 100% of the Tuition Support Levy and various other local levies previously borne by local government.
(5) Higher education figures exclude federal stimulus finds provided under the ARRA; the vast majority of these funds have been distributed.
(6) Medicaid figures for Fiscal Years 2009, 2010, and 2011 exclude federal stimulus funds provided under the ARRA in the form of increased federal medical assistance percentages.
(7) P.L. 146-2008 also required the State to assume a number of local levies now included under "Other", such as the Family and Children Levy, the Children with Special Health Care Needs Levy, the State Fair Levy, the State Forestry Levy, and Public Safety Pensions costs.
(8) Figures exclude Automatic Taxpayer Refund and statutory distributions of "excess" reserves to various pension funds.

Source: State Budget Agency

Local School Aid. Funding for elementary and secondary education is the State's largest operating expense. Through December 31, 2008, local school aid was payable from both the General Fund and the Property Tax Replacement Fund ("PTR Fund"). With the enactment of P.L. 146-2008, the PTR Fund ceased to exist on December 31, 2008, and any remaining funds were transferred to the General Fund. Local school aid is payable from the General Fund only after December 31, 2008. See "STATE BUDGET PROFILE AND FINANCIAL RESULTS OF OPERATIONS – Governor's Property Tax Reform Legislation" for a summary of P.L. 146-2008.

Local school aid includes distributions for programs such as assessment and performance, as well as tuition support. The General Assembly established the State's calendar year 1972 funding level as the base for local school aid.

Prior to January 1, 2003, the State provided approximately 66% of school corporations' general fund budgets. As a result of the tax restructuring legislation enacted in 2002, the State provided approximately 85% of the school corporations' general fund budgets. As part of the property tax reform legislation enacted by P.L. 146-2008, the State assumed responsibility for the local share of tuition support and began providing 100% of the tuition support for school corporation general funds in January 2009. Also included in P.L. 146-2008 were Fiscal Year 2009 appropriations for new facilities appeals ($10 million), a preschool special education levy ($3 million), and circuit breaker replacement credits ($25 million), each of which were formerly paid by local property taxes.

Primarily due to the assumption of the local share of tuition support by the State, local school aid funding increased 18.3% for Fiscal Year 2009 on a statewide basis. These figures exclude $536.4 million of ARRA funds; including these funds would result in an increase of 29.5% for Fiscal Year 2009. General Fund expenditures for Fiscal Year 2010 were $7,147.2 million, excluding ARRA funds. Expenditures for local school aid from the General Fund for Fiscal Year 2011 were $7,249.0 million. General Fund expenditures for local school aid for Fiscal Year 2012 were $7,269.4 million. Estimated General Fund expenditures for local school aid for Fiscal Year 2013 are $7,452.7 million. These figures represent increases of 0.3% and 2.5% following an increase of 1.4% in Fiscal

Year 2011 for the General Fund (excluding ARRA funds). *See* "STATE BUDGET PROFILE AND FINANCIAL RESULTS OF OPERATIONS - Financial Results of Operations."

Property Tax Relief. Prior to 2009, spending for property tax relief primarily consisted of Property Tax Relief Credits ("PTR Credits") and the Homestead Credits. Prior to 2003, PTR Credits equaled 20% of property taxes charged excluding property taxes imposed for debt service or imposed in excess of the State's levy limitations. Homestead Credits equaled 10% of property taxes charged on homesteads excluding property taxes imposed for debt service or imposed in excess of the State's levy limitations. Appropriations for PTR Credits and Homestead Credits were made from the PTR Fund. A special legislative session in 2002 resulted in PTR Credits being increased, subject to appropriation, to 60% of property taxes imposed by school corporations for general fund purposes and 20% of all other property taxes excluding property taxes imposed for debt service or imposed in excess of the State's levy limitations. Property taxes imposed on personal property were made ineligible to receive the 20% PTR Credits. During the same special legislative session, Homestead Credits were increased to 20%, subject to appropriation. These changes were effective January 1, 2003. Beginning with the Fiscal Years 2005-2007 biennium, the total amount of PTR Credits and Homestead Credits distributed in a Fiscal Year from the PTR Fund was limited to the amount distributed in Fiscal Year 2002 plus an amount equal to the increase in the State sales tax from 5.0% to 6.0% enacted during the 2002 special legislative session. HEA 1835-2007 established the Property Tax Reduction Trust Fund for the purpose of providing additional property tax relief payable solely from new revenues resulting from the operation of slot machines at horse racing tracks located within the state.

P.L. 146-2008 eliminated the appropriation for PTR Credits, replacing them with Homestead Credits and the State's assumption of 100% of the tuition support for school corporation general funds beginning in January 2009. P.L. 146-2008 provided for $690 million in Homestead Credits during the Fiscal Years 2007-2009 biennium.

Higher Education. Through the General Fund, the State supports seven higher education institutions: Ball State University, Indiana University, Indiana State University, Ivy Tech Community College of Indiana, Purdue University, University of Southern Indiana and Vincennes University. Higher education expenditures from the General Fund for Fiscal Year 2011 were $1,703.1 million, a decrease of 0.5% from Fiscal Year 2010. Expenditures for higher education from the General Fund for Fiscal Year 2012 were $1,691.1 million, a decrease of 0.7% from Fiscal Year 2011. Estimated expenditures for higher education from the General Fund are $1,701.7 million for Fiscal Year 2013. These figures exclude ARRA funds. Appropriations for higher education include university operating, university fee-replaced debt service, university line items, other higher education line items, university repair and rehabilitation, university capital projects, and State student aid. *See* "STATE BUDGET PROFILE AND FINANCIAL RESULTS OF OPERATIONS -Financial Results of Operations."

Since Fiscal Year 1976, the General Assembly has appropriated to each State university and college an amount equal to the annual debt service requirements due on qualified outstanding student fee and building facilities fee bonds and other amounts due with respect to debt service and debt reduction for interim financings (collectively, "Fee Replacement Appropriations"). The Fee Replacement Appropriations are not pledged as security for such bonds and other amounts. Under the State constitution, the General Assembly cannot bind subsequent General Assemblies to continue the present Fee Replacement Appropriations policy; however, it is anticipated that the policy will continue for outstanding bonds and notes.

Table 3 sets forth the aggregate principal amount of bonds and notes outstanding as of June 30, 2012, for each State university and college eligible for Fee Replacement Appropriations and the amount of Fee Replacement Expenditures for Fiscal Year 2012 and Fee Replacement Appropriations for Fiscal Year 2013.

Table 3
Schedule of Fee Replacement Debt

	Estimated Amount of Debt Outstanding June 30, 2012	Fiscal Year 2012 Fee Replacement Expenditures	Fiscal Year 2013 Fee Replacement Appropriations
Ball State University	$119,715,000	$14,028,860	$14,678,487
Indiana University	$411,423,344	$51,441,340	$48,295,727
Indiana State University	$62,859,308	$8,160,595	$8,906,871
Ivy Tech Community College	$285,600,000	$29,817,233	$30,805,687
Purdue University	$252,883,175	$29,009,414	$32,183,531
University of Southern Indiana	$82,001,544	$10,998,766	$12,134,116
Vincennes University	$39,828,125	$4,066,883	$4,869,491
Total	**$1,254,310,496**	**$147,523,092**	**$151,873,910**

(1) Includes its regional campuses other than Indiana University-Purdue University at Fort Wayne.
(2) Includes its regional campuses other than Indiana University-Purdue University at Indianapolis.
(3) Totals may not add due to rounding.

Source: State Budget Agency

Medicaid. Medicaid is a state/federal shared fiscal responsibility with the State supporting 32.94% of the total program through a combination of State General Fund and dedicated funds over the biennium. Federal funding accounts for the remaining 67.06%. The federal share increased during Fiscal Years 2009, 2010, and 2011 as a result of the ARRA. For Fiscal Year 2010, State General Fund Medicaid expenditures totaled $1,259.9 million. In Fiscal Years 2011 and 2012, State General Fund Medicaid expenditures totaled $1,436.0 million and $1,856.4 million, respectively. Enrollment was estimated to be 998,156 at the end of Fiscal Year 2012 and is expected to reach 1,038,737 by the end of Fiscal Year 2013 (these figures exclude the Children's Health Insurance Program and the Healthy Indiana Program). Indiana's base federal reimbursement rate equaled 66.96% for the first quarter of Fiscal Year 2012 and 67.16% for the remaining three quarters of Fiscal Year 2012 and the first quarter of Fiscal Year 2013. State General Fund Medicaid appropriations for Fiscal Years 2012 and 2013 were set as $1,857.8 million and $2,023.8 million, respectively. All figures above exclude ARRA funds and only represent the State General Fund expenditures or appropriations.

Correction. Appropriations for the Department of Correction, payable almost entirely from the General Fund, include funds for incarceration and rehabilitation of adult and juvenile offenders, as well as parole programs. Correction expenditures were $647.5 million for Fiscal Year 2011 and $638.3 million for Fiscal Year 2012. General Fund appropriations for Fiscal Year 2013 total $672.4 million.

Offender population is the most significant driver of Correction expenditures. The total offender population, including those in jail and contract beds, increased slightly to 28,915 in Fiscal Year 2012.

Other. The balance of State expenditures is composed of spending for a combination of other purposes, the principal ones being the costs of institutional care and community programs for persons with mental illnesses and developmental disabilities, the State's administrative operations, the State's share of public assistance payments, the General Fund share of State Police costs, economic development programs and General Fund expenditures for capital improvements. Other categories expenditures for Fiscal Year 2009 from the General Fund totaled $2,005.9 million, an increase of 9.4% over Fiscal Year 2008. This increase was attributable to a number of local levies assumed by the State under P.L. 146-2008, such as the Family and Children Levy, the Children with Special Health Care Needs Levy, the State Fair Levy, the State Forestry Levy, and Public Safety Pension costs. Other categories of General Fund expenditures totaled $2,143.8 million for Fiscal Year 2010 and $2,001.5 million for Fiscal Year 2011. Other categories of expenditures for Fiscal Year 2012 ($2,123.4 million) and Fiscal Year 2013 ($2,242.2 million) increase for a number of reasons including the full phasing-in of costs associated with the levies assumed by the State under P.L. 146-2008 and the complete phasing-out of ARRA funding.

Expenditure Limits. In 2002, the General Assembly enacted a law establishing a State spending cap. The law provides that the maximum annual percentage growth in State's spending cap from the General Fund and the PTR Fund must be the lesser of the average percentage change in Indiana non-farm personal income during the past six calendar years or 6%. At present, State expenditures are well below the spending cap. The law excludes expenditures from revenue derived from gifts, federal funds, dedicated funds, intergovernmental transfers, damage awards and property sales. Expenditures from the transfer of funds between the General Fund, the PTR Fund and the Rainy Day Fund, reserve fund deposits, refunds of intergovernmental transfers, State capital projects, judgments and settlements, distributions of specified State tax revenue to local governments and Motor Vehicle Excise Tax replacement payments are also exempt from the expenditure limit. The expenditure limit is applied to appropriations from the General Fund and Rainy Day Fund and, prior to 2009, the PTR Fund.

The law directs the Budget Agency to compute a new State spending growth quotient before December 31 in each even-numbered year. The State spending growth quotient is equal to the lesser of the six-year average increase in Indiana non-farm personal income or 6%. The legislation allows the State spending cap to be increased or decreased to account for new or reduced taxes, fees, exemptions, deductions or credits adopted after June 30, 2002. The Budget Agency computed the spending growth quotient for Fiscal Years 2012 and 2013 to be 2.4% and 2.8%, respectively.

Fund Balances

The State has four primary funds that build or hold unappropriated reserves: the Rainy Day Fund, the State Tuition Reserve, the Medicaid Reserve, and the General Fund. Each of these funds is described below.

Rainy Day Fund. In 1982, the General Assembly established the Counter-Cyclical Revenue and Economic Stabilization Fund, commonly called the "Rainy Day Fund." One of three primary funds into which general purpose tax revenue is deposited, the Rainy Day Fund is essentially a State savings account that permits the State to build up a fund balance during periods of economic expansion for use during periods of economic recession.

Each year the State Budget Director determines calendar year Adjusted Personal Income ("API") for the State and its growth rate over the previous year. In general, moneys are deposited automatically into the Rainy Day Fund if the growth rate in API exceeds 2.0% and moneys are withdrawn automatically from the Rainy Day Fund if API declines by more than 2.0%. An automatic withdrawal of $370.9 million from the Rainy Day Fund occurred in Fiscal Year 2010, and automatic deposits from the General Fund into the Rainy Day Fund occurred in Fiscal Years 2011 and 2012 ($53.5 million and $291.0 million, respectively.). In addition, the General Assembly has authorized money to be transferred from the Rainy Day Fund to the General Fund from time to time during periods of economic recession. The General Assembly has also authorized money in the Rainy Day Fund to be used to make loans to local governments from time to time. *See* "STATE BUDGET PROFILE AND FINANCIAL RESULTS OF OPERATIONS - Financial Results of Operations."

During a Fiscal Year when a transfer is made to the Rainy Day Fund, if General Fund revenue is less than estimated (and the shortfall cannot be attributed to a statutory change in the tax rate, tax base, fee schedules or revenue sources from which the revenue estimates were made), an amount reverts to the General Fund from the Rainy Day Fund equal to the lesser of (a) the amount initially transferred to the Rainy Day Fund during the Fiscal Year and (b) the amount necessary to maintain a positive balance in the General Fund for the Fiscal Year.

All earnings from the investment of the Rainy Day Fund balance remain in the Rainy Day Fund. Money in the Rainy Day Fund at the end of a Fiscal Year does not revert to the General Fund. If the balance in the Rainy Day Fund at the end of a Fiscal Year exceeds 7.0% of total General Fund revenue for the Fiscal Year, the excess is transferred from the Rainy Day Fund to the General Fund. *See* Table 4 for Rainy Day Fund balances.

State Tuition Reserve. The Tuition Reserve was a cash flow device intended to assure that the State had sufficient cash to make local school aid payments on time. Prior to each June 1, the Budget Agency estimated and established the Tuition Reserve for the ensuing Fiscal Year. *See* Table 4 for Tuition Reserve Fund balances. P.L. 146-2008 formally created the State Tuition Reserve Fund to which the balance of the Tuition Reserve was transferred and can only be used to make local school aid payments. An additional $50 million was deposited in the Tuition Reserve Fund on June 30, 2008, two-and-a-half years before the legislative deadline of December 31, 2010. The Budget Agency transferred $536.4 million from the General Fund to the State Tuition Reserve Fund on June 30, 2009, to support tuition support appropriations from the General Fund in Fiscal Year 2010 and Fiscal Year 2011. The Budget Agency ordered net transfers of $945.7 million from the State Tuition Reserve Fund to the General Fund during Fiscal Year 2010 to support tuition support appropriations.

Medicaid Reserve. In 1995, the General Assembly established the Medicaid Reserve and Contingency Account to provide a reserve to fund timely payments of Medicaid claims, obligations and liabilities. The Medicaid Reserve was designed to represent the estimated amount of obligations that were incurred, but remained unpaid, at the end of a Fiscal Year. The Budget Agency transferred $57.6 million from the Medicaid Reserve to the General Fund during Fiscal Year 2010 to support Medicaid obligations. *See* Table 4 for Medicaid Reserve Fund balances.

General Fund. The General Fund is the primary fund into which general purpose tax revenue, or Operating Revenue, is deposited or transferred. Prior to its repeal, the PTR Fund was often times combined with the General Fund to provide a more complete and accurate description of the State's Operating Revenue and discretionary spending, especially for local school aid and property tax relief.

With the enactment of P.L. 146-2008, the PTR Fund ceased to exist on December 31, 2008, and any remaining funds were transferred to the General Fund. See "FISCAL POLICIES - Fund Structure — Governmental Funds – Special Revenue Funds" and "STATE BUDGET PROFILE AND FINANCIAL RESULTS OF OPERATIONS –Property Tax Reform" for a summary of P.L. 146-2008.

Financial Results of Operations

The State closed Fiscal Year 2012 with combined balances of $1,803.4 million in the General Fund, which was 15.1% of that Fiscal Year's operating revenue.

Fiscal Year 2012 was highlighted by continued fiscal restraint and solid state revenue growth. The Governor caused approximately $316 million of reversions to the General Fund, following $1,124 million of reversions in Fiscal Year 2011.

Revenue Forecast for Fiscal Year 2013

The Forecast Committee last updated the forecast of State revenue for Fiscal Years 2012 and 2013 on December 14, 2011. Fiscal Year 2011 State revenue increased by $1,087.5 million (or 8.9%) over 2010 revenues and Fiscal Year 2012 revenue increased by $850.9 million (or 6.4%) over 2011 revenues. Revenue growth of 2.2% ($306.9 million) is projected for Fiscal Year 2013.

P.L. 146-2008 increased the sales tax from 6.0% to 7.0% effective April 1, 2008, as part of the property tax reform legislation. The increase generated $151.6 million in Fiscal Year 2008, and generated $879.0 million in Fiscal Year 2009. P.L. 146-2008 increased wagering tax collections for Fiscal Year 2009 to the General Fund by $62.8 million, caused by the elimination of the Property Tax Reduction Trust Fund on December 31, 2008. P.L. 146-2008 also increased "Other" collections for Fiscal Year 2009 by $25.8 million due to state captured miscellaneous revenues.

Combined Balance Statements

Table 4 sets forth the Budget Agency's unaudited end-of-year combined balance statements and estimates and projections, including revenue and other resources, expenditures and balances at the end of each Fiscal Year. For past Fiscal Years, the balances reflect actual revenue and other resources and expenses before adjustments to the modified accrual basis of accounting. As a result, the Budget Agency's "working" statements may differ from the results included in the 2011 Financial Report or the Auditor of State's comprehensive annual financial reports for other Fiscal Years. Forecasted revenue is developed by the Forecast Committee, and actual revenue may be higher or lower than forecasted. Estimates of other resources and uses were developed by the Budget Agency taking into account historical resources and appropriations as well as other variables, including the budget for Fiscal Year 2013.

Table 4
General Fund and Property Tax Replacement Fund
Combined Statement of Actual and Estimated Unappropriated Reserve
(Millions of Dollars)

	Actual FY2009	Actual FY2010	Actual FY2011	Estimated FY2012	Estimated FY2013[1]
Resources:					
Working Balance on July 1	592.5	54.9	830.7	1,124.3	1,803.4
Current Year Resources:					
Forecast Revenue	12,935.3	12,186.7	13,274.2	14,125.1	14,432.0
Miscellaneous Revenue	21.8	38.7	12.2	18.4	15.0
DSH Revenue	60.1	57.9	58.2	10.1	-
Hospital Assessment Fee	-	-	-	154.1	170.0
Quality Assessment Fee	34.4	33.3	39.6	23.6	59.2
Prior Year Corporate Income Tax (E-check)	-	-	-	288.0	-
2012 Outside Acts	-	-	-	-	-13.3
FY 2011 LOIT Adjustment	-	-	-	-70.6	-
Transfer from Medicaid Reserve to General Fund	-	57.6	-	-	-
Transfer from Rainy Day Fund to General Fund	-	370.9	-	-	-
Transfer from General Fund to Rainy Day Fund	-	-	-53.5	-291.0	-
Transfer from General Fund to State Tuition Reserve	-536.4	-73.6	-	-	-
Transfer from State Tuition Reserve to General Fund	-	1,019.3	-	-	-
Total Current Year Resources	12,515.2	13,690.8	13,330.7	14,257.7	14,662.9
Total Resources	13,107.7	13,745.7	14,161.4	15,382.0	16,466.3
Uses: Appropriations, Expenditures and Reversions:					
Appropriations					
Budgeted Appropriations	14,549.5	13,571.4	14,113.0	13,980.7	14,317.6
2012 Session: As Passed Appropriations	-	-	-	6.0	19.6
Enrolled Acts 2008 (excluding P.L. 146-2008)	4.9	-	-	-	-
Total Appropriations	14,554.4	13,571.4	14,113.0	13,986.7	14,337.2
Other Expenditures and Transfers					
Augmentations and Expenditure Adjustments[2]	27.7	125.8	33.5	17.7	99.5
Local Option Income Tax Distributions	8.7	11.6	1.6	-	-
PTRC and Homestead Credit Adjustments	-23.5	26.2	-14.0	-11.2	-
Adjustment for Stadium/Convention Center Appropriation	-	-40.0	-42.0	-112.1	-111.0
Judgments and Settlements(3)	5.3	4.7	8.0	13.5	8.7
HEA 1072 Loans (Net of Repayments)	-	-	-	-	6.1
Statutory Distribution to Pension Stabilization Fund	-	-	-	-	360.6
Automatic Taxpayer Refund	-	-	-	-	360.6
Total Appropriations and Expenditures	14,572.6	13,699.7	14,100.1	13,894.6	15,061.7
Payment Delays					
Property Tax Replacement Credit	-105.5	-	-	-	-
Reversions	-1,414.2	-784.7	-1,063.0	-316.0	-247.7
Total Net Uses	13,052.9	12,915.0	13,037.1	13,578.6	14,814.0
General Fund Reserve Balance at June 30	54.9	830.7	1,124.3	1,803.4	1,652.2
Reserved Balances					
Medicaid Reserve	57.6	0.0	0.0	0.0	0.0
Tuition Reserve	941.7	0.0	0.0	0.0	0.0
Rainy Day Fund[4]	365.2	0.0	57.2	351.6	355.1

Total Combined Balances	1,419.4	830.7	1,181.5	2,155.0	2,007.3
Payment Delay Liability	0.0	0.0	0.0	0.0	0.0
Combined Balance as a Percent of Operating Revenue	10.9%	6.7%	8.8%	15.0%	13.7%

(1) Revenues are those projected by the Technical Forecast Committee on December 14, 2011; appropriations are those authorized by the 2011 General Assembly for Fiscal Year 2013.
(2) Adjustments to appropriations by augmentation, transfer and open-ended appropriations and other reconciling adjustments made as part of the end-of-Fiscal Year closing process are shown in total.
(3) Represents the estimated cost to the State of judgments and other legal and equitable claims. No reserve fund is established for judgments or other legal or equitable claims against the State. Judgments and other such claims must be paid from appropriations or balances. *See* "LITIGATION."
(4) Net of outstanding loans to local governments. The loans are authorized by the General Assembly and are illiquid.

Source: State Budget Agency

Toll Road Lease

In 2006, the General Assembly enacted legislation authorizing the Indiana Finance Authority to lease the Indiana Toll Road to a private entity to operate for a term not to exceed 75 years. A lease agreement with ITR Concession Company LLC was signed in April 2006 and the transaction was closed on June 29, 2006. Shortly after the closing, the revenues from the lease, $3.8 billion (net of expenses and the bond repayments), were transferred to a trust fund and are being used to fund nearly 200 statewide transportation and economic growth projects throughout the State.

STATE INDEBTEDNESS

Constitutional Limitations on State Debt

Under Article X, Section 5 of the State constitution, the State may not incur indebtedness except: to meet casual deficits in revenue; to pay interest on State debt; or to repel invasion, suppress insurrection or, if hostilities are threatened, to provide for the public defense. The State has no indebtedness outstanding under the State constitution. *See* "FISCAL POLICIES—State Board of Finance."

Other Debt, Obligations

Substantial indebtedness anticipated to be paid from State appropriations is outstanding, however, together with State university and college debt and what are described below as "contingent obligations." In addition, the commissions and authorities described below may issue additional debt or incur other obligations from time to time to finance additional facilities or projects or to refinance such facilities or projects. The type, amount and timing of such additional debt or other obligations are subject to a number of conditions that cannot be predicted at present. *See* "STATE INDEBTEDNESS - Obligations Payable from Possible State Appropriations—Authorized but Unissued Debt."

In 2005, the General Assembly enacted legislation establishing the Indiana Finance Authority, a body politic and corporate, separate from the State. The Indiana Finance Authority is required, after consulting with the Treasurer of State, the Indiana Bond Bank (the "Bond Bank"), the Budget Agency and the Indiana Commission for Higher Education, to establish and periodically update a State debt management plan.

Obligations Payable from Possible State Appropriations

The General Assembly has created certain financing entities, including the Indiana Finance Authority and the Indiana Bond Bank, each of which is a body politic and corporate, separate from the State. These financing entities have been granted the authority to issue revenue bonds and other obligations to finance various capital projects. Certain agencies of the State, including the Department of Administration, the Department of Transportation, the Department of Natural Resources and the Indianapolis Airport Authority (under an agreement with the State), have entered into use and occupancy agreements or lease agreements with the financing entities. Lease rentals due under the agreements are payable primarily from possible appropriations of State funds by the General Assembly. However, there is and can be under State law no requirement for the General Assembly to make any such appropriations for any facility in any Fiscal Year. No trustee or holder of any revenue bonds issued by any such financing entity may legally compel the General Assembly to make any such appropriations. Revenue bonds issued by any of the financing entities do not constitute a debt, liability, or pledge of the faith and credit of the State within the meaning of any constitutional provision or limitation. Such use and occupancy agreements, lease agreements and other obligations do not constitute indebtedness of the State within the meaning or application of any constitutional provision or limitation. Following is a description of the entities that have issued bonds and the projects that have been financed with the proceeds and which are subject to use and occupancy agreements or lease agreements.

Indiana Finance Authority. Before 2005, there had been numerous bodies corporate and politic of the State, each with separate decision making and borrowing authority, that issued bonds and otherwise accessed the financial markets. On May 15, 2005, to provide economic efficiencies and management synergies and to enable the State to communicate, with a single voice, with the various participants in the financial markets, the Indiana Development Finance Authority, the State Office Building Commission, the Indiana Transportation Finance Authority, the Recreational Development Commission, the State Revolving Fund Programs, and the Indiana Brownfields Program were consolidated into the Indiana Finance Authority. Effective July 1, 2007, the Indiana Health and Educational Facility Financing Authority was also merged into the Indiana Finance Authority. As the successor entity, the Indiana Finance Authority has assumed responsibility for the financing of certain buildings, highways, aviation facilities and recreation facilities.

For a description of other powers and responsibilities of the Indiana Finance Authority, including its authority to issue other debt, *see* "STATE INDEBTEDNESS - Contingent Obligations" and Table 8.

<u>Buildings</u>. The Indiana Finance Authority is authorized (and its predecessor, the State Office Building Commission, had been authorized) to issue revenue bonds, payable from lease rentals under use and occupancy agreements with various State agencies, to finance or refinance the cost of acquiring, constructing or equipping buildings, structures, improvements or parking areas for the purpose of (a) housing the personnel or activities of State agencies or branches of State government; (b) providing parking for State employees or persons having business with State government; (c) providing buildings, structures or improvements for the custody, care, confinement or treatment of committed persons under the supervision of the State Department of Correction; (d) providing buildings, structures or improvements for the care, maintenance or treatment of persons with mental or addictive disorders; (e) providing buildings, structures or improvements for the care, maintenance or treatment of adults or children with mental illness, developmental disabilities, addictions or other medical or rehabilitative needs; or (f) providing the infrastructure of a State-wide wireless public safety communications system. Lease rentals under the use and occupancy agreements are payable primarily from possible State appropriations. *See* "Table 5—Schedule of Long Term Debt—Obligations Payable from Possible State Appropriations—STATE BUILDINGS."

The Indiana Finance Authority has the authority to provide (and its predecessor, the State Office Building Commission, had provided) short-term, or construction, financing for authorized projects through the issuance of commercial paper payable from proceeds of its revenue bonds. As of June 30, 2012, there is no commercial paper outstanding.

<u>Highways</u>. The Indiana Finance Authority is authorized (and its predecessor, the Indiana Transportation Finance Authority, had been authorized) to issue revenue bonds, payable from lease rentals under lease agreements with the Indiana Department of Transportation, to finance or refinance the cost of construction, acquisition, reconstruction, improvement or extension of the State's highways, bridges, streets, roads or other public ways. Lease rentals under the lease agreements are payable primarily from possible State appropriations. *See* "Table 5—Schedule of Long Term Debt—Obligations Payable from Possible State Appropriations—HIGHWAY REVENUE BONDS."

In 2005, legislation was enacted that authorizes the Indiana Finance Authority to issue grant anticipation revenue bonds to finance highway projects eligible for federal highway revenues. However, none have been issued to date.

<u>Aviation Facilities</u>. The Indiana Finance Authority is authorized (and its predecessor, the Indiana Transportation Finance Authority, had been authorized) to issue revenue bonds, payable from the revenues pledged thereto, to finance or refinance improvements related to airports or aviation-related property or facilities.

Pursuant to this authority, the Indiana Transportation Finance Authority issued its revenue bonds to finance and refinance (a) improvements related to an airport and aviation-related property and facilities at the Indianapolis International Airport and (b) an aviation technology center at the Indianapolis International Airport. The bonds are payable from lease rentals under lease agreements with the Indianapolis Airport Authority. Lease rentals under the lease agreements are payable primarily from possible State appropriations. *See* "Table 5—Schedule of Long Term Debt—Obligations Payable from Possible State Appropriations—AVIATION FACILITIES."

Recreation Facilities. The Indiana Finance Authority is authorized (and its predecessor, the Recreational Development Commission, had been authorized) to issue revenue bonds, payable from the revenues pledged thereto, to finance or refinance the costs of the acquisition, construction, renovation, improvement or equipping of facilities for the operation of public parks.

Pursuant to this authority, the Recreational Development Commission issued its revenue bonds to finance and refinance the costs of acquisition, construction, renovation, improvement and equipping of various lodging and other facilities for public parks in the State. The bonds are payable from lease rentals under use and occupancy agreements with the State's Department of Natural Resources or the Indiana State Museum and Historic Sites Corporation. The lease rentals under the use and occupancy agreements are payable primarily from possible State appropriations. *See* "Table 5—Schedule of Long Term Debt—Obligations Payable from Possible State Appropriations—RECREATIONAL FACILITIES."

Bond Bank. The Bond Bank issued its revenue bonds, payable from possible State appropriations, to finance or refinance certain State interests or initiatives, including the State's Animal Disease and Diagnostic Laboratory ("ADDL") at Purdue University, West Lafayette, and the Columbus Learning Center ("CLC"), an educational facility to be used by a number of State post-secondary educational institutions to provide services in South Central Indiana. *See* "Table 5—Schedule of Long Term Debt—Obligations Payable from Possible State Appropriations—BOND BANK" and "Table 8—Schedule of Long Term Debt—Contingent Obligations—BOND BANK Special Program Pool." For a description of other powers and responsibilities of the Bond Bank, including its authority to issue other debt, *see* "STATE INDEBTEDNESS - Contingent Obligations—Indiana Bond Bank" and "Table 8—Schedule of Long Term Debt—Contingent Obligations – BOND BANK Special Program Pool.

Schedule of Long Term Debt. Table 5 lists, by type of financing, long-term debt that is subject to possible State appropriations as of June 30, 2012. *See* "Authorized but Unissued Debt" and "Table 3 – Schedule of Fee Replacement Debt" for related debt that is subject to possible State appropriations.

Table 5
Schedule of Long Term Debt
Obligations Payable from Possible State Appropriations

Type/Series	Original Par Amount	Ending Balance 6/30/2011	(Redeemed)/ Issued	Ending Balance 6/30/12
STATE BUILDINGS				
Forensic & Health Sciences Lab				
Series 2006A	$62,900,000	$56,565,000	($2,285,000)	$54,280,000
Subtotal	$62,900,000	$56,565,000	($2,285,000)	$54,280,000
Government Center Parking Facilities				
Series 1990A	$26,669,824	$6,325,000	$0	$6,325,000
Series 2003A	26,735,000	7,875,000	(5,310,000)	2,565,000
Series 2012E	1,455,000	0	1,455,000	1,455,000
Series 2012F	475,000	0	475,000	475,000
Subtotal	$55,334,824	$14,200,00	($3,380,000)	$10,820,000
Government Center North				
Series 1990B	$77,123,542	$19,620,000	$0	$19,620,000
Series 2003B	73,205,000	37,830,000	(15,135,000)	22,695,000
Series 2012G	8,835,000	0	8,835,000	8,835,000
Subtotal	$159,163,542	$57,450,000	($6,300,000)	$51,150,000
Government Center South				
Series 1990C	$18,063,800	$4,285,000	$0	$4,285,000
Series 1990D	110,675,000	10,505,000	(10,505,000)	0

Series 2003C	7,835,000	3,920,000	(1,570,000)	2,350,000
Series 2008B	13,725,000	13,725,000	0	13,725,000
Series 2012H	900,000	0	900,000	900,000
Subtotal	$151,198,800	$32,435,000	($11,175,000)	$21,260,000
Other Facilities				
Series 1995B	$47,975,000	$15,320,000	($2,180,000)	$13,140,000
Series 2002A	128,110,000	34,690,000	(28,400,000)	6,290,000
Series 2003A	83,530,000	30,905,000	(22,910,000)	7,995,000
Series 2003B	31,930,000	25,680,000	(10,070,000)	15,610,000
Series 2003C	55,075,000	51,350,000	(1,695,000)	49,655,000
Series 2003D	20,475,000	14,955,000	(315,000)	14,640,000
Series 2004A	46,180,000	41,130,000	(5,035,000)	36,095,000
Series 2004B	61,890,000	61,890,000	0	61,890,000
Series 2004C	33,950,000	33,950,000	(10,000)	33,940,000
Series 2004D	33,995,000	30,565,000	(1,225,000)	29,340,000
Series 2004E	57,005,000	51,315,000	(2,040,000)	49,275,000
Series 2008A	29,715,000	27,320,000	(1,965,000)	25,355,000
Series 2008C	53,035,000	50,395,000	(2,305,000)	48,090,000
Series 2009A	47,360,000	45,975,000	(6,640,000)	39,335,000
Series 2009B	13,825,000	13,825,000	0	13,825,000
Series 2011A	20,730,000	0	20,730,000	20,730,000
Series 2011B	18,365,000	0	18,365,000	18,365,000
Series 2011C	8,410,000	0	8,410,000	8,410,000
Energy Savings Lease 2011	24,081,196	0	24,081,196	24,081,196
Energy Savings Lease 2012	17,947,331	0	17,947,331	17,947,331
Subtotal	$833,583,528	$529,265,000	$4,743,528	$534,008,528
TOTAL STATE BUILDINGS	$1,262,180,694	$689,915,000	($18,396,472)	$671,518,528
HIGHWAY REVENUE BONDS				
Series 1990A	$72,498,391	$22,605,000	($5,070,000)	$17,535,000
Series 1992A	74,035,000	31,180,000	(4,380,000)	26,800,000
Series 1993A	193,531,298	66,946,298	(11,705,000)	55,241,298
Series 1998A	175,360,000	34,490,000	0	34,490,000
Series 2003A	433,155,000	27,815,000	(13,465,000)	14,350,000
Series 2004B	147,345,000	147,345,000	0	147,345,000
Series 2004C	146,080,000	143,365,000	(9,085,000)	134,280,000
Series 2007A	642,300,000	619,005,000	(1,030,000)	617,975,000
Series 2010A	74,040,000	74,040,000	0	74,040,000
TOTAL HIGHWAYS	$1,958,344,689	$1,166,791,298	($44,735,000)	$1,122,056,298
AVIATION FACILITIES				
Airport Facilities Bonds				
Series 2008A	$127,655,000	$127,655,000	($8,520,000)	$119,135,000
Subtotal	$127,655,000	$127,655,000	($8,520,000)	$119,135,000
Aviation Technology Bonds				
Series 2002	$10,095,000	$5,625,000	($5,625,000)	$0
Series 2012K	4,800,000	0	4,800,000	4,800,000
Subtotal	$14,895,000	$5,625,000	($825,000)	$4,800,000
TOTAL AVIATION FACILITIES	$142,550,000	$133,280,000	($9,345,000)	$123,935,000
RECREATIONAL FACILITIES				
Series 1997	$6,600,000	$3,340,000	($3,340,000)	$0
Series 2002	14,400,000	9,650,000	(9,650,000)	0
Series 2004	12,780,000	10,420,000	(10,420,000)	0
Series 2012I	23,485,000	0	23,485,000	23,485,000
Series 2012J	5,505,000	0	5,505,000	5,505,000
TOTAL RECREATIONAL FACILITIES	$62,770,000	$23,410,000	($5,580,000)	$28,990,000
TOTAL ALL BONDS	**$3,425,845,383**	**$2,013,396,298**	**($66,896,472)**	**$1,946,499,825**

Source: Indiana Finance Authority (as of June 30, 2012). Excludes accreted value of capital appreciation bonds.

Scheduled Principal and Interest Payments. Table 6 lists principal and interest payments payable from possible State appropriations (not including debt that has been defeased) as of June 30, 2012. *See* "Authorized but Unissued Debt" and "Table 3 – Schedule of Fee Replacement Debt" for related debt that is subject to possible State appropriations.

Table 6
Scheduled Principal and Interest Payments
Obligations Payable from Possible State Appropriations

Type/Series	FY 2013	FY2014	FY2015	FY2016	Thereafter
STATE BUILDINGS					
Forensic & Health Sciences Lab					
Series 2006A	$4,808,265	$4,806,365	$4,794,190	$4,791,040	$57,265,820
Subtotal	$4,808,265	$4,806,365	$4,794,190	$4,791,040	$57,265,820
Government Center Parking Facilities					
Series 1990A	$468,050	$2,355,530	$2,350,125	$2,343,620	$0
Series 2003A	1,134,025	1,130,544	434,031	0	0
Subtotal	$1,602,075	$3,486,074	$2,784,156	$2,343,620	$0
Government Center North					
Series 1990B	$1,451,880	$7,306,920	$7,290,350	$7,269,370	$0
Series 2003B	8,091,615	8,085,615	8,100,495	0	0
Subtotal	$9,543,495	$15,392,535	$15,390,845	$7,269,370	$0
Government Center South					
Series 1990C	$317,090	$1,597,880	$1,590,945	$1,586,610	$0
Series 2003C	836,913	830,725	832,319	0	0
Series 2008B	14,068,125	0	0	0	0
Subtotal	$15,258,253	$2,464,730	$2,423,264	$1,586,610	$0
Other Facilities					
Series 1995B	$3,068,750	$3,064,219	$3,060,313	$3,058,563	$3,040,344
Series 2002A	6,451,613	0	0	0	0
Series 2003A	4,091,420	4,101,245	147,973	0	0
Series 2003B	2,543,436	2,541,798	2,541,798	2,098,319	12,543,188
Series 2003C	4,239,813	4,186,563	4,151,913	4,095,513	49,010,106
Series 2003D	1,021,038	1,032,938	1,019,338	1,005,738	16,325,306
Series 2004A	7,031,519	7,022,363	7,013,375	7,003,769	13,991,519
Series 2004B	3,249,225	9,169,625	9,731,669	9,720,375	46,993,931
Series 2004C	1,813,455	1,881,206	5,708,450	5,491,481	29,239,219
Series 2004D	2,657,188	2,648,563	2,647,638	2,643,463	31,598,019
Series 2004E	4,486,438	4,473,913	4,479,594	4,470,025	53,330,838
Series 2008A	3,688,238	3,639,363	3,604,763	3,541,538	16,561,281
Series 2008C	5,761,138	5,775,638	5,673,388	5,664,638	39,878,906
Series 2009A	1,799,600	2,204,225	9,247,350	9,239,725	25,587,250
Series 2009B	7,462,625	7,052,000	0	0	0
Series 2011A	962,450	1,571,300	1,092,975	1,092,800	25,165,550
Series 2011B	906,400	955,900	954,650	1,315,500	23,530,950
Series 2011C	419,300	429,200	429,000	433,675	9,723,925
Energy Savings Lease 2011	4,512,311	4,512,311	4,512,311	4,512,311	7,020,371
Energy Savings Lease 2012	0	965,083	2,035,385	2,035,385	15,265,388
Subtotal	$66,165,953	$67,227,449	$68,051,878	$67,422,815	$418,806,091
TOTAL STATE BUILDINGS	$97,378,041	$93,377,152	$93,444,333	$83,413,455	$476,071,911
HIGHWAY REVENUE BONDS					
Series 1990A	$6,716,288	$6,711,525	$6,708,488	$0	$0
Series 1992A	6,343,280	6,324,500	6,318,450	6,308,260	6,302,230
Series 1993A	14,437,213	14,462,263	14,471,875	21,190,000	48,695,000
Series 1998A	1,896,950	1,896,950	1,896,950	1,896,950	44,101,525
Series 2003A	15,080,088	0	0	0	0
Series 2004B	8,192,175	8,192,175	23,334,000	22,540,863	137,257,150
Series 2004C	13,289,613	23,408,488	12,087,888	12,080,838	129,881,206
Series 2007A	28,574,133	28,578,933	28,578,289	28,577,245	863,898,207
Series 2010A	4,976,850	10,282,850	7,585,050	7,269,050	67,491,475
TOTAL HIGHWAYS	$99,506,588	$99,857,683	$100,980,989	$99,863,205	$1,297,626,794
AVIATION FACILITIES					
Airport Facilities Bonds					
Series 2008A	$21,488,500	$21,038,125	$20,570,000	$20,098,750	$57,304,500
Subtotal	$21,488,500	$21,038,125	$20,570,000	$20,098,750	$57,304,500

Aviation Technology Bonds					
Series 2012K	$865,424	$860,550	$867,600	$863,900	$1,731,450
Subtotal	865,424	860,550	867,600	863,900	1,731,450
TOTAL AVIATION FACILITIES	$121,860,512	$121,756,358	$122,418,589	$120,825,855	$1,356,662,744
RECREATIONAL FACILITIES					
Series 2012I	$2,295,766	$2,592,325	$2,627,625	$2,652,125	$20,257,000
Series 2012J	194,857	772,047	787,602	801,752	3,323,328
TOTAL RECREATIONAL FACILITIES	$2,490,623	$3,364,372	$3,415,227	$3,453,877	$25,580,328
TOTAL ALL BONDS	**$221,729,176**	**$218,497,882**	**$219,278,150**	**$207,693,187**	**$1,856,314,982**

Source: Indiana Finance Authority (as of June 30, 2012)

Table 7
Ratios of Outstanding Debt Subject to Possible Appropriation to Population and Personal Income

Fiscal Year	Population(1)	Personal Income(1)(2)	Outstanding Debt Subject to Appropriation(2)	Debt/Capita	Debt/Income
2002	6,149,007	175,398	1,713	279	1.0%
2003	6,181,789	182,817	1,747	283	1.0%
2004	6,214,454	190,329	2,467	397	1.3%
2005	6,253,120	195,590	2,518	403	1.3%
2006	6,301,700	206,959	2,460	390	1.2%
2007	6,346,113	213,875	2,466	389	1.2%
2008	6,388,309	220,670	2,362	370	1.1%
2009	6,423,113	220,670	2,245	350	1.0%
2010	6,483,802	226,561	2,137	330	0.9%
2011	6,516,922	230,715	2,013	309	0.9%

(1) Estimated.
(2) In millions.

Source: Population: United States Census Bureau, July 2012. Personal Income: United States Department of Commerce, Bureau of Economic Analysis. Outstanding Debt: Indiana Finance Authority.

Authorized but Unissued Debt. The General Assembly has authorized the Indiana Finance Authority (as successor to the State Office Building Commission) to issue bonds to finance additional State facilities, including:

Two additional regional mental health facilities;
State-wide wireless public safety communications network; and
Parking facilities in the area of the state capitol complex.

In addition, legislation was enacted in 2005 that authorizes the Indiana Finance Authority to provide funds for research and technology grants and loans.

The Indiana Finance Authority may initially provide short-term, or construction, financing for these facilities through its commercial paper program. As of June 30, 2012, no commercial paper was outstanding.

See "STATE INDEBTEDNESS – Contingent Obligations – Economic Development" for a description of the revenue bonds the Indiana Finance Authority has issued for the Stadium and Convention Center expansion projects.

The Indiana Finance Authority monitors refinancing opportunities for its bonds and may issue refunding bonds to restructure outstanding indebtedness or achieve debt service savings.

Contingent Obligations

Certain State-authorized entities, including the Bond Bank and Indiana Finance Authority, may issue obligations that, in certain circumstances, may require the entity to request an appropriation from the General Assembly to fund debt service on the obligations. The General Assembly is not required to make any such appropriations. Such obligations do not constitute an indebtedness of the State within the meaning or application of any constitutional provision or limitation.

In 2005, legislation was enacted that requires review by the Budget Committee and approval by the Budget Director of (a) the issuance by the Bond Bank or the Indiana Finance Authority of any indebtedness that establishes a procedure for requesting an appropriation from the General Assembly to restore a debt service or other fund to required levels or (b) the execution by the Indiana Bond Bank or the Indiana Finance Authority of any other agreement that creates a moral obligation of the State to pay any indebtedness issued by the Indiana Bond Bank or the Indiana Financing Authority.

Bond Bank. The Bond Bank, a body corporate and politic, is not a State agency and is separate from the State in both its corporate and sovereign capacity. The Bond Bank has no taxing power. The Bond Bank is empowered to issue bonds or notes, payable solely from revenue and funds that are specifically allocated for such purpose, and loan the proceeds therefrom to local governments and other qualified entities.

To assure maintenance of the required debt service reserve in any reserve fund established for Bond Bank bonds or notes, the General Assembly may, but is not obligated to, appropriate to the Bond Bank for deposit in any such reserve funds the sum that is necessary to restore any such reserve funds to the required debt service reserve.

Bonds or notes issued by the Bond Bank for which such a debt service reserve is established are considered "moral obligation bonds." However, bonds issued by the Bond Bank do not constitute a debt, liability or loan of the credit of the State or any political subdivision thereof under the State constitution. Particular sources are designated for the payment of and security for bonds issued by the Bond Bank, and a debt service reserve fund restoration appropriation would only be requested in the event that the particular designated sources were insufficient.

The total amount of bonds and notes which the Bond Bank may have outstanding at any one time (except bonds or notes issued to fund or refund bonds or notes) is limited to $1.0 billion plus (a) up to $200 million for certain qualified entities that operate as rural electric membership corporations or as corporations engaged in the generation and transmission of electric energy and (b) up to $30 million for certain qualified entities that operate as telephone cooperative corporations. However, these limits do not apply to bonds or notes not secured by a reserve fund eligible for State appropriations.

For a list of Bond Bank bonds secured by a reserve fund eligible for State appropriations, *see* "Table 8—Schedule of Long Term Debt—Contingent Obligations—BOND BANK Special Program Pool."

Toll Road. The Indiana Finance Authority is authorized (and its predecessor, the Indiana Transportation Finance Authority, had been authorized) to issue revenue bonds, payable from tolls and other revenues derived from the ownership and operation of toll roads, to finance or refinance the cost of any toll road projects.

Pursuant to this authority, the Indiana Transportation Finance Authority and its predecessors issued their revenue bonds (the "Toll Road Bonds") to finance and refinance the construction and improvement of the 157-mile Indiana East-West Toll Road (the "Toll Road") in northern Indiana, which links the Chicago Skyway and the Ohio Turnpike. These bonds were redeemed on June 29, 2006, and are no longer outstanding.

In 2006, the General Assembly enacted legislation authorizing the Indiana Finance Authority to lease the Toll Road to a private entity to operate for a term not to exceed 75 years. A lease agreement with ITR Concession Company LLC was signed in April 2006, and the transaction was closed on June 29, 2006. On June 29, 2006 a portion of the $3.8 billion in revenues from the lease was applied to pay off all of the Toll Road Bonds. See "STATE BUDGET PROFILE AND FINANCIAL RESULTS OF OPERATIONS—Toll Road Lease."

Economic Development. The Indiana Finance Authority is authorized (and its predecessor, the Indiana Development Financing Authority, had been authorized) to issue revenue bonds to finance or refinance (a) industrial development projects, rural development projects, mining operations, international exports and agricultural operations; (b) educational facility projects; (c) farming and agricultural enterprises; (d) environmental pollution prevention and remediation; (e) child care facilities; and (f) broadband development projects.

Pursuant to this authority, the Indiana Finance Authority (and its predecessor, the Indiana Development Finance Authority) issued its revenue bonds to finance and refinance a wide variety of projects. The bonds are payable solely from the revenues pledged thereto, are not in any respect a general obligation of the State and are not payable in any manner from revenue raised by taxation.

The Indiana Finance Authority is authorized to issue revenue bonds and loan the proceeds thereof to the Indiana Stadium and Convention Building Authority for the purpose of financing the acquisition and construction of a stadium and the expansion of a convention center in Indianapolis. The legislation authorizes the Indiana Stadium and Convention Building Authority to lease such capital improvements to a State agency pursuant to a lease, which requires the State agency: (1) to seek biennial appropriations from the General Assembly in an amount sufficient to pay rent equal to the debt service due on such bonds, only if: (a) the amount of such rent is fair and reasonable; and (b) such capital improvements are available for use and occupancy; and (2) to pay, from such appropriated amounts, rent sufficient to pay such debt service, only if certain local tax revenues expected to satisfy debt service are insufficient. In addition, the Indiana Finance Authority, in connection with the issuance of such revenue bonds, may establish a debt service reserve fund and a procedure for requesting appropriations from the General Assembly to restore the debt service reserve fund to required levels. The Indiana Finance Authority has issued $666,525,000 of such revenue bonds for the stadium project, which was substantially complete and ready for use and occupancy in August 2008. The Indiana Finance Authority has issued $329,230,000 of such revenue bonds for the convention center expansion project, which was completed in January 2011.

In addition, legislation was authorized by the Indiana Finance Authority to issue up to $1.0 billion of its revenue bonds, payable from the revenues pledged thereto, to provide funds for research and technology grants and loans. The Indiana Finance Authority may establish a debt service fund or reserve fund for the bonds, to which the General Assembly may, if requested, appropriate funds necessary to pay debt service or restore the required debt service reserve. As of June 30, 2012, no such revenue bonds have been issued.

Schedule of Long Term Debt. Table 8 lists the long term debt classified as contingent obligations that was outstanding on June 30, 2012. Debt classified as a contingent obligation is debt for which the issuing entity has agreed to, under certain circumstances, request an appropriation from the General Assembly to replenish a debt service reserve fund, or, in the case of the stadium and convention center debt, to pay rent sufficient to pay debt service only if certain local tax revenues expected to satisfy debt service are insufficient.

Table 8
Schedule of Long Term Debt
Contingent Obligations

Type/Series	Original Par Amount	Ending Balance 6/30/2011	(Redeemed)/ Issued	Ending Balance 6/30/12
BOND BANK Special Program Pool				
Series 2002A	42,910,000	32,430,000	(1,555,000)	30,875,000
Series 2002C	3,940,000	730,000	(215,000)	515,000
Series 2002D	60,000,000	1,550,000	(1,550,000)	0
Series 2002E	10,155,000	7,805,000	(490,000)	7,315,000
Series 2003A	40,385,000	35,985,000	(975,000)	35,010,000
Series 2003B	8,885,000	5,460,000	(495,000)	4,965,000
Series 2003C	10,425,000	3,615,000	(475,000)	3,140,000
Series 2003D[1] (CLC)	27,515,000	25,280,000	(1,310,000)	23,970,000
Series 2003E	36,530,000	31,905,000	(31,905,000)	0
Series 2003F-1	17,155,000	7,585,000	(825,000)	6,760,000
Series 2004A	17,210,000	13,035,000	(13,035,000)	0
Series 2004B	17,590,000	12,335,000	(925,000)	11,410,000
Series 2004C	35,010,000	31,170,000	(950,000)	30,220,000
Series 2004D	29,275,000	21,780,000	(1,575,000)	20,205,000
Series 2005A	14,790,000	11,205,000	(560,000)	10,645,000
Series 2005C	11,160,000	9,110,000	(455,000)	8,655,000

Series 2005D	4,505,000	3,950,000	(150,000)	3,800,000
Series 2006B-1	12,400,000	11,420,000	(265,000)	11,155,000
Series 2006B-2	2,890,000	2,020,000	(300,000)	1,720,000
Series 2006A (Ref)	26,485,000	20,755,000	(1,205,000)	19,550,000
Series 2006C(1)	20,660,000	18,475,000	(1,185,000)	17,290,000
Series 2006D	13,985,000	10,015,000	(795,000)	9,220,000
Series 2007A (Ref)	44,915,000	44,915,000	0	44,915,000
Series 2008D-1	4,265,000	3,390,000	0	3,390,000
Series 2008D-2	1,795,000	1,795,000	0	1,795,000
Series 2009A	75,000,000	70,385,000	(2,555,000)	67,830,000
Series 2009C-1	22,235,000	21,680,000	(570,000)	21,110,000
Series 2009C-2(Taxable)	1,790,000	1,710,000	(85,000)	1,625,000
Series 2009D	52,000,000	49,960,000	(1,785,000)	48,175,000
Series 2010 Multi-purpose A-1	8,595,000	7,665,000	(865,000)	6,800,000
Series 2010 Multi-purpose A-2(Taxable)	6,395,000	4,820,000	(1,485,000)	3,335,000
Series 2010 Multi-purpose A-3	770,000	770,000	(20,000)	750,000
Series 2011A Ref	29,140,000	0	28,825,000	28,825,000
Series 2012A	3,880,000	0	3,880,000	3,880,000
TOTAL BOND BANK	$714,640,000	$524,705,000	($35,855,000)	$488,850,000
INDIANA FINANCE AUTHORITY				
Stadium Project Series 2005A	$400,000,000	$400,000,000	$0	$400,000,000
Stadium Project Series 2007A	211,525,000	211,525,000	0	211,525,000
Stadium Project Series 2008A	55,000,000	37,310,000	0	37,310,000
Convention Center Expansion Project Series 2008A	120,000,000	120,000,000	0	120,000,000
Convention Center Expansion Project Series 2009A	17,665,000	17,665,000	(1,000,000)	16,665,000
Convention Center Expansion Project Series 2009B(3)	191,565,000	191,565,000	0	191,565,000
TOTAL INDIANA FINANCE AUTHORITY	$995,755,000	$978,065,000	($1,000,000)	$977,065,000
TOTAL ALL BONDS	$1,710,395,000	$1,502,770,000	($36,855,000)	$1,465,915,000

(1) Qualified obligation revenues are expected to be sufficient to pay debt service. However, a portion of qualified obligation revenues are payable solely from General Assembly appropriations to the qualified entity.
(2) Issued as taxable bonds.
(4) Issued under the America Recovery and Reinvestment Act of 2009 as Build America Bonds. The bonds are federally taxable, and the Indiana Finance Authority will receive a cash subsidy from the U.S. Treasury equal to 35% of the interest payable on the bonds.

Source: Indiana Finance Authority (as of June 30, 2012)

Other Entities Issuing Debt

The following entities, although created or designated by the State, are authorities, instrumentalities, commissions, separate bodies corporate and politic, or not-for-profit corporations separate from the State. The entities may incur debt while exercising essential governmental or public functions. Any debt incurred by the entities is secured only by specific revenue and sources pledged at the time the debt is incurred and is neither direct nor indirect debt of the State. Any such debt does not constitute an indebtedness of the State within the meaning or application of any constitutional provision or limitation.

Entity	Purpose of Debt Issuance
Board for Depositories	Provide guarantees for industrial development or credit enhancement for Indiana enterprises.
Indiana Housing and Community Development Authority(1)	Provide funds for construction or mortgage loans for federally assisted multi-family housing or for low and moderate income residential housing.
Ports of Indiana	Provide funds for ports and other projects.
Indiana Secondary Market for Education Loans, Inc.(2)	Provide funds for secondary market for higher education loans.

Indiana State Fair Commission	Provide funds for State fairgrounds.
State Revolving Fund Loan Program	Provide funds to assist local municipalities in financing drinking water and waste water infrastructure projects.

(1) Formerly, Indiana Housing Finance Authority. Authorized to issue bonds, similar to the Indiana Bond Bank, that would be eligible for General Assembly appropriations to replenish the debt service reserve funds, but has not issued and does not currently expect to issue any such bonds.

(2) A not-for-profit corporation authorized by the General Assembly.

INDIANA PUBLIC RETIREMENT SYSTEM AND STATE PENSION FUNDING OBLIGATIONS

INPRS and State Retirement Plans

Prior to July 1, 2011, the retirement plans for public employees in the State of Indiana were administered by independent instrumentalities governed by separate boards of appointed trustees, including the Public Employees' Retirement Fund (PERF) and the Indiana State Teachers' Retirement Fund (TRF). Legislation adopted in 2010 called for a consolidation of these entities, which began with the appointment of a joint Executive Director in May 2010, and resulted in the creation, effective July 1, 2011, of the Indiana Public Retirement System (INPRS). INPRS administers seven (7) separate public retirement funds. The State Police Pension Trust continues to be separately administered.

INPRS is governed by a nine-member Board of Trustees, appointed by the Governor pursuant to the following criteria:

(a) one trustee with experience in economics, finance, or investments,
(b) one trustee with experience in executive management or benefits administration,
(c) one trustee who is an active or retired member of the 1977 fund,
(d) two trustees who are TRF members with at least 10 years of creditable service,
(e) one trustee who is a PERF member with at least 10 years of creditable service,

(f) the Director of the State Budget Agency, or designee,
(g) the Auditor of the State, or nominee and
(h) the Treasurer of the State, or nominee.

The members of the Board of Trustees are as follows:

Ken Cochran
President
Hamilton Southeastern Utilities, Inc.

Michael Pinkham
Ft. Wayne Firefighter

Greg Hahn
Chief Investment Officer and President
Winthrop Capital Management

Adam M. Horst
Office of Management and Budget Director

Tim Berry
Auditor of the State of Indiana

Bret Swanson
President
Entropy Economics

Jodi Golden
Executive Director
Indiana Education Savings Authority

Cari Whicker
Teacher
Riverview Middle School

Vacancy (TRF Member)

The Executive Director of INPRS is Steve Russo, who had previously served as TRF's Executive Director since 2008. Russo is a graduate of Purdue University. His career has included leadership roles with the Naval Avionics Center and technology company Thomson.

INPRS administers and manages the following plans:

(a) Public Employees' Retirement Fund
(b) Indiana State Teachers' Retirement Fund
(c) Prosecuting Attorneys' Retirement Fund
(d) 1977 Police Officers' and Firefighters' Pension and Disability Fund
(e) Legislators' Retirement System
(f) Judges' Retirement System
(g) State Excise Police, Gaming Agent, Gaming Control Officer and Conservation Enforcement Officers' Retirement Plan

INPRS also oversees three non-retirement funds, including the Pension Relief Fund, the Public Safety Officers' Special Death Benefit Fund, and the State Employees' Death Benefit Fund.

Each retirement fund will continue as a separate fund under the oversight of a combined INPRS nine-member board of trustees. INPRS is not a merger of PERF and TRF Funds and neither the assets nor the liabilities of one fund become the assets or liabilities of the other. Individual funded status for each plan will continue to be calculated separately.

Each year, INPRS will make actuarial valuations of the assets and liabilities of each of the retirement funds. At least once every five years, there will be separate actuarial investigation into the mortality, service, and compensation experience of the members of the systems and their beneficiaries.

The consolidation of retirement plan administration is anticipated to enable greater efficiency, by eliminating duplication of efforts and by pooling assets together for investment purposes.

The combined membership of all plans administered by INPRS is approximately 480,000 people.

Explanatory Comments

Reference is made hereby to the INPRS website (www.IN.gov/INPRS) for access to copies of relevant plan documents. The discussions and tables which follow contain technical information for which the following explanatory comments may be helpful.

(a) Certain key definitions applicable to the State's pension plans are shown in Key Definitions below.

(b) Pension plan financial reporting contains both actual historical information and actuarially determined information. Actuarially determined information is based on specific sets of assumptions. Detailed descriptions of relevant assumptions for each plan can be found in each plan's applicable Comprehensive Annual Financial Report (CAFR) as referenced herein.

(c) Annual Required Contributions (or ARC) are determined by the plan's administrator or board to be the aggregate amount expected to be required from each participating employer based on the plan's assumptions in various matters, in order to pay "normal costs" and payments made to amortize any "unfunded accrual actuarial liability." The administrator will assess each participating employer a contribution requirement expressed as percentage of covered payroll which is projected to produce the desired ARC amount. Actual employer contributions reflect the application of the designated percentage to actual payroll during the period and, thus, often vary from the ARC as calculated and assessed.

(d) Discussions under this Section "INPRS and State Retirement Plans" are focused primarily on financial reporting and plan descriptions for the State Plans. Discussions under the following Section "State Pension Funding Obligations" are intended to highlight the actual funding requirements of State government.

(e) In 2012, the Indiana General Assembly passed P.L. 160-2012, which provides that if the amount of the state general fund excess reserves is less than $50,000,000, the excess reserves shall be carried over to the next year; and that if the excess reserves are $50,000,000 or more, 50% of the excess reserves shall be transferred to certain pension funds and 50% of the excess reserves shall be used for the purposes of providing an automatic taxpayer refund. In 2012, the JRS, PARF, EPCEP, as defined below, and the 1987 Plan of Indiana State Police Pension Trust will receive 50% of the general fund excess in order to increase their funding levels to 80%. Any money that remains after funding the JRS, PARF, EPCEP, and the 1987 Plan of Indiana State Police Pension Trust to 80% will go to the Pension Stabilization Fund to fund the pre-1996 TRF unfunded liability. If there is an excess in the general fund in or after 2013, then 50% of the excess will go to the Pension Stabilization Fund. Exact numbers for funding amounts are currently under development and will be provided as they become available.

Key Definitions

Actuarial Accrued Liability (AAL). That portion, as determined by a particular Actuarial Cost Method, of the actuarial present value of pension plan benefits and expenses that is not provided for by future Normal Costs.

Actuarial Cost Method. A method used to develop the actuarial present value of benefits and the allocations of such costs to certain periods of time in order to develop the AAL. Two common Actuarial Cost Methods are projected unit credit, or PUC, and entry age normal, or EAN. The PUC method tends to push more costs into the later part of a member's service. The EAN method develops a level contribution as a percent of pay (Normal Cost) which, if contributed and invested through the member's career, is expected to generate sufficient funds to equal the actuarial value of the future benefits by the time the member retires. In order to keep the costs level, EAN allocates a large Normal Cost for the earlier years and a relatively smaller Normal Cost to the later years compared to the PUC method. All plans administered by INPRS use EAN, except the Legislators' Defined Benefit Plan which uses PUC.

Actuarial Value of Assets (AVA). The value of cash, investments, and other property belonging to a pension plan, as used by the actuary for the purpose of an actuarial valuation. An Actuarial Value (in contrast to a current market value) attempts to smooth annual investment return performance over multiple years to reduce annual return volatility.

Amortization Period. The period over which the UAAL (defined below) is amortized, which can be either a "fixed" (or "closed") period of a "rolling" (or "open") period. During a fixed period, the UAAL is amortized over a declining number of years; for example, 30 years the first year, 29 years the second year, etc. During a rolling period, the UAAL is amortized over an unchanging number of years; for example, 15 years the first year, 15 years the second year, etc. All plans administered by INPRS use closed 30-year amortization periods.

Annual Pension Costs (APC). The aggregate in a particular year of (i) the ARC, (ii) one year's interest on the NPO (defined below), and (iii) an adjustment to the ARC to offset, approximately, the amount included in item (i) for amortization of past contribution deficiencies.

Annual Required Contribution (ARC). The aggregate in a particular year of (i) the Normal Cost and (ii) payments made to amortize the UAAL.

Assumptions. An actuarial report will utilize demographic and economic assumptions as to the occurrence of future events affecting pension costs, such as investment rate of return, inflation rate, interest credited to member contributions, salary increase rate, annual cost-of-living adjustment, rates of separation from active membership, post-retirement mortality active member mortality, and rates of retirement.

Funded Ratio. The ratio of (A) the AVA or market value of assets to (B) AAL. Such valuation can be on an actuarial or a market value basis. If a plan has a funded ratio of less than 100%, then the plan has a UAAL.

GASB. Governmental Accounting Standards Board of the Financial Accounting Foundation.

Market Value of Assets. As of the valuation date, the value of assets as if they were liquidated on that date.

Net Pension Obligation (NPO). The cumulative differences between the APC and actual employer contribution (*e.g.,* does not include contributions by the employees or any Employer Offset) in a particular year.

Normal Cost. The present value of the benefits that the pension system projects to become payable in the future that are attributable to a valuation year's payroll.

Smoothing Method. A method used in determining AVA that is intended to reduce the impact of market volatility on the assets of a pension plan. Under a Smoothing Method, the annual investment return performance is "smoothed" over multiple years to reduce annual contribution volatility. For example, by use of a "five-year smoothing" methodology, a percentage difference between the net market value and the net book value for each of the most recent five years is calculated. The resulting percentages are averaged for the five-year period and applied to the valuation's year's market value of assets to arrive at the actuarial value of assets, with the result that only 20% of investment gains or losses in a particular year are taken into account in the annual actuarial valuation. All INPRS-administered plans use a four-year smoothing method with a 20% corridor.

Unfunded Actuarial Accrued Liability (or UAAL). The difference between (A) the AVA or market value of assets and (B) the AAL. Such valuation can be on an actuarial or a market value basis.

Public Employees' Retirement Fund

The Public Employees' Retirement Fund ("PERF") has been in existence since 1945 to provide retirement, disability and survivor benefits for most State and local government employees. Prior to July 1, 2011, PERF was administered by a six-member Board of Trustees, and after that date, by INPRS.

All State employees and all employees of participating political subdivisions in covered positions, including elected and appointed officials, are required to join PERF. On June 30, 2011, PERF had over 310,000 members. The PERF benefit consists of (1) a pension formula benefit based upon years of service and an average of the member's annual compensation as defined by statute, and (2) an additional benefit based upon the member's annuity savings account balance, derived from employee contributions ("PERF ASA"). The employee contribution rate is defined by law as 3.0% of each employee's salary. For State employees, the law requires the State to pick up the employee's contributions to PERF.

Contributions are made to PERF by the State and local units determined by normal cost and amortizing the unfunded accrued liability of each unit during periods established pursuant to statute. Contribution rates are set by INPRS (and prior to July 1, 2011, by the PERF Board of Trustees) based on annual actuarial valuations. The State is responsible for making contributions for State employee members only. The State's contribution rate effective July 1, 2012 to June 30, 2013 is 9.7%. Funding for the State's obligation to PERF is included as part of the expenditures for fringe benefits by each State agency. The tables below highlight the funded status (Table 9) and contribution history (Table 10) for PERF for the last six (6) valuation dates.

Table 9
Schedule of Funding Progress
(dollars in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/2006	11,177,971	11,450,928	272,957	97.6	4,322,180	6.3
6/30/2007	12,220,934	12,439,798	218,864	98.2	4,385,676	5.0
6/30/2008	12,780,116	13,103,221	323,105	97.5	4,600,354	7.0
6/30/2009	12,569,336	13,506,280	936,944	93.1	4,931,423	19.0
6/30/2010	12,357,199	14,506,052	2,148,853	85.2	4,896,013	43.9
6/30/2011	12,000,586	14,913,147	2,912,561	80.5	4,818,774	60.4

Table 10
Schedule of Employer Contributions
(dollars in thousands)

Fiscal Year Ended	Valuation Date	Annual Required Contributions	Annual Employer Contributions	Percentage Contributed
6/30/2006	6/30/2005	248,120	230,357	92.8
6/30/2007	6/30/2006	275,171	260,150	94.5
6/30/2008	6/30/2007	291,397	303,877	104.3
6/30/2009	6/30/2008	316,059	323,151	102.2
6/30/2010	6/30/2009	360,183	331,090	91.9
6/30/2011	6/30/2010	483,842	342,779	70.8

For further information about PERF including CAFRs for the most recent fiscal years, as well as the most recent actuarial valuation report, current investment policy statement and other materials, go to www.IN.gov/INPRS and click "Publications".

For more information on the State's funding obligations regarding PERF, see "INDIANA PUBLIC RETIREMENT SYSTEM AND STATE PENSION FUNDING OBLIGATIONS– State Pension Funding Obligations, 1. PERF as to State Employees."

Indiana State Teachers' Retirement Fund

The Indiana State Teachers' Retirement Fund ("TRF") is a multiple-employer retirement fund established to provide pension benefits for teachers and their supervisors in the State's public schools. Membership in TRF is required for all legally qualified and regularly employed public school teachers. TRF provides retirement benefits, as well as death and disability benefits. Prior to July 1, 2011, TRF was administered by a six-member Board of Trustees. Effective July 1, 2011, TRF is administered by INPRS. On June 30, 2011, TRF had over 153,000 total members.

The TRF benefit consists of (1) a defined benefit based upon years of service and final average salary and (2) an additional benefit based upon the member's annuity savings account ("TRF ASA") balance, derived from member contributions. The mandatory member contribution rate to his or her TRF ASA is defined by law as 3.0% of each member's salary. Each employer is authorized to elect to pick up the member contribution.

The TRF is comprised of two plans and related accounts. For members hired prior to July 1, 1995, the plan was closed (the "Pre 1996 Plan"). For members hired after that date, a separate plan was established (the "1996 Plan").

For the Pre 1996 Plan, monies to pay the related TRF benefits are primarily provided from General Fund appropriations as the liabilities come due each year, or on a "pay as you go" basis. To reduce the amount of future state appropriations in the Pre 1996 Plan, the State established the Pension Stabilization Fund in July 1, 1995, to partially pre-fund liabilities in the Pre 1996 Plan. The Pension Stabilization Fund has the result of limiting the peak required annual appropriations to the Pre 1996 Plan at a 3.0% increase over the prior year based on an assumed annual investment return of 5.0%. As of June 30, 2011, the balance of the Pension Stabilization Fund was approximately $2.3 billion. See also INDIANA PUBLIC RETIREMENT SYSTEM AND STATE PENSION FUNDING OBLIGATIONS - "State Pension Funding Obligations, 2. Pre 1996 TRF Plan" for a further discussion on the State funding obligations for the Pre 1996 TRF Plan.

The following tables establish the six (6) year history of funding progress and contributions, respectively, for the Pre-1996 Plan (Tables 11 and 12), the 1996 Plan (Tables 13 and 14) and for total TRF plans (Tables 15 and 16).

Table 11
Pre 1996 Plan
Schedule of Funding Progress
(dollars in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/2006	5,477,221	15,002,471	9,525,250	36.5	2,237,380	425.7
6/30/2007	5,763,508	15,988,259	10,224,751	36.0	2,376,390	430.3
6/30/2008	5,953,991	15,792,305	9,838,314	37.7	2,295,816	428.5
6/30/2009	5,109,086	16,027,093	10,918,007	31.9	2,030,484	537.7
6/30/2010	5,382,410	16,282,066	10,899,656	33.1	1,865,102	584.4
6/30/2011	5,227,402	16,318,404	11,091,002	32.0	1,762,751	629.2

Table 12
Pre 1996 Plan
Schedule of Contributions
From the Employers and other Contributing Entities
(dollars in thousands)

Fiscal Year Ended	Valuation Date	Annual Required Contributions	Actual Employer Contributions	Percentage Contributed
6/30/2006	6/30/2004	556,460	601,259	108.1
6/30/2007	6/30/2005	602,904	636,039	105.5
6/30/2008	6/30/2006	678,050	675,682	99.7
6/30/2009	6/30/2007	700,307	706,366	100.9
6/30/2010	6/30/2008	850,493	731,149	86.0
6/30/2011	6/30/2009	894,507	748,978	83.7

For the 1996 Plan, the State capped its pension benefit obligation by (i) shifting the obligation for all teachers hired after July 1, 1995, to local school districts and (ii) implementing a level percent of payroll current funding approach. INPRS sets the contribution rate for the 1996 Plan based on an actuarial valuation of the 1996 Plan. The 1996 Plan was intended to be responsible not only for newly hired teachers into the schools, but also for the cost of teachers who began service before 1995 but subsequently transferred to other school corporations after 1995. The liability for these transferred teachers, which shifted from the Pre 1996 Plan to the 1996 Plan, began to cause an unfunded liability in the 1996 Plan. The General Assembly in 2005 addressed this growing unfunded liability in the 1996 Plan by stopping the transfer of liabilities—therefore transferred teachers remain part of the Pre 1996 Plan, which is "pay as you go". In addition, the actuarial assumptions used for calculating the contributions rate into the 1996 Plan now include an assumption for a cost of living adjustment, thereby making the contribution rate for which local schools are liable more realistic. The contribution rate effective July 1, 2012 to June 30, 2013 for the 1996 Plan is 7.5%.

Table 13
1996 Plan
Schedule of Funding Progress
(dollars in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/2006	2,209,468	2,363,101	153,633	93.5	1,565,341	9.8
6/30/2007	2,713,051	2,827,554	114,503	96.0	1,891,605	6.1
6/30/2008	3,080,057	2,957,758	(122,299)	104.1	2,052,720	(6.0)
6/30/2009	2,920,735	3,135,533	214,798	93.1	2,308,548	9.3
6/30/2010	3,422,554	3,614,559	192,005	94.7	2,447,509	7.8
6/30/2011	3,664,657	3,996,839	332,182	91.7	2,507,193	13.2

Table 14
1996 Plan
Schedule of Contributions
From the Employers and other Contributing Entities
(dollars in thousands)

Fiscal Year Ended	Valuation Date	Annual Required Contributions	Actual Employer Contributions	Percentage Contributed
6/30/2006	6/30/2004	116,096	100,081	86.2
6/30/2007	6/30/2005	139,978	117,001	83.6
6/30/2008	6/30/2006	122,009	132,446	108.6
6/30/2009	6/30/2007	119,331	147,425	123.5
6/30/2010	6/30/2008	101,627	154,491	152.0
6/30/2011	6/30/2009	154,142	166,633	108.1

Table 15
Total of TRF Plans
Schedule of Funding Progress
(dollars in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/2006	7,686,689	17,365,572	9,678,883	44.3	3,802,721	254.5
6/30/2007	8,476,559	18,815,813	10,339,254	45.1	4,267,995	242.3
6/30/2008	9,034,048	18,750,063	9,716,015	48.2	4,348,536	223.4
6/30/2009	8,029,821	19,162,626	11,132,805	41.9	4,339,032	256.6
6/30/2010	8,804,964	19,896,625	11,091,661	44.3	4,312,611	257.2
6/30/2011	8,892,059	20,315,243	11,423,184	43.8	4,269,944	267.5

Table 16
Total of TRF Plans
Schedule of Contributions
From the Employers and other Contributing Entities
(dollars in thousands)

Fiscal Year Ended	Valuation Date	Annual Required Contributions	Actual Employer Contributions	Percentage Contributed
6/30/2006	6/30/2004	672,556	701,340	104.3
6/30/2007	6/30/2005	742,882	753,040	101.4
6/30/2008	6/30/2006	800,059	808,128	101.0
6/30/2009	6/30/2007	819,638	853,791	104.2
6/30/2010	6/30/2008	952,120	885,640	93.0
6/30/2011	6/30/2009	1,048,649	915,611	87.3

For further information about TRF including CAFRs for the most recent fiscal years, as well as the most recent actuarial valuation report, current investment policy statement and other materials, go to www.IN.gov/INPRS and click "Publications". In addition, CAFRs and actuarial reports are also available for prior fiscal years at the referenced website.

Other Plans

INPRS also administers five other plans in addition to PERF and TRF. These include the 1977 Police Officers' and Firefighters' Pension and Disability Fund, the Judges' Retirement System, the Legislators' Retirement System, the State Excise Police, Gaming Agent, Gaming Control Officer and Conservation Enforcement Officers' Retirement Plan, and the Prosecuting Attorneys' Retirement Fund. Table 17 highlights the actuarial valuation findings for these plans as of June 30, 2011.

Table 17
Other State Pension Funds
Summary of Results of Actuarial Valuation as of June 30, 2011
(dollars in thousands)

	Judges' Retirement System(1)	Legislators' Defined Benefit Plan	State Excise Police, Gaming Agent, Gaming Control Officer & Conservation Enforcement Officers' Retirement Plan	Prosecuting Attorneys' Retirement Fund	1977 Police Officers' and Firefighters' Pension and Disability Fund
Funded Status					
Actuarial Value of Assets	$248,623	$3,634	$72,599	$25,651	$3,593,787
Actuarial Accrued Liability (AAL)	400,274	4,621	101,534	53,252	3,638,956
Unfunded/(Overfunded) AAL	151,651	987	28,935	27,601	45,169
Funded Ratio	62.1%	78.6%	71.5%	48.2%	98.8%
Contribution History					
Annual Required Contributions	$18,910	$113	$5,179	$1,960	$133,903
Actual Employer Contributions	19,200	0	5,197	170	133,726
Percentage Contributed	101.5%	0.0%	100.3%	8.7%	99.9%

(1) Actuarial cost method is a pay-as-you-go-plan

Source: Actuarial Valuation Reports, June 30, 2011

Further information about other plans including CAFRs for the most recent fiscal years, as well as the most recent actuarial valuation report, current investment policy statement and other materials, go to www.IN.gov/INPRS and click "Publications". In addition, CAFRs and actuarial reports are also available for prior fiscal years.

1977 Police Officers' and Firefighters' Pension Disability Fund

The 1977 Police Officers' and Firefighters' Pension and Disability Fund ("1977 Fund") has been in existence since 1977 to provide retirement, disability and survivor benefits for Police Officers and Firefighters. Prior to July 1, 2011, the 1977 Fund was administered by a six-member Board of Trustees, and after that date, by INPRS.

On June 30, 2011, the 1977 Fund had 17,259 members, survivors and beneficiaries. The pension benefit consists of a pension formula benefit based upon years of service and the first-class salary as defined by statute. The employee contribution rate is defined by law as 6% of first-class salary.

Contributions are made to the 1977 Fund by the participating employer units as determined by INPRS. Contribution rates are set by INPRS (and prior to July 1, 2011, by the PERF Board of Trustees) based on annual actuarial valuations. Funding for the participating employer unit's obligation to the 1977 Fund is included as part of the expenditures for fringe benefits by the participating unit. The tables below highlight the funded status (Table 18) and contribution history (Table 19) for the 1977 Fund for the last six (6) valuation dates.

Table 18
Schedule of Funding Progress
(dollars in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2005	$2,347,986	$2,415,053	$67,067	97.2%	$522,227	12.8%
12/31/2006	2,860,512	2,649,525	(210,987)	108.0	557,644	(37.8)
12/31/2007	3,281,480	2,889,295	(392,185)	113.6	603,963	(64.9)
12/31/2008	3,352,705	3,150,827	(201,878)	106.4	644,936	(31.3)
6/30/2009	3,265,598	3,332,686	67,088	98.0	649,018	10.3
6/30/2010	3,374,438	3,639,669	265,231	92.7	675,797	39.2
6/30/2011	3,593,787	3,638,956	45,169	98.8	687,342	6.6

Table 19
Schedule of Employer Contributions
(dollars in thousands)

Fiscal Year Ended	Valuation Date	Annual Required Contributions	Annual Employer Contributions	Percentage Contributed
12/31/2005	12/31/2004	$97,286	$108,768	111.8%
12/31/2006	12/31/2005	102,964	143,272	139.1
12/31/2007	12/31/2006	108,741	122,712	112.7
12/31/2008	12/31/2007	117,773	133,196	112.6
6/30/2009	6/30/2008	62,881	64,285	102.2
6/30/2010	6/30/2009	126,558	130,775	103.3
6/30/2011	6/30/2010	133,903	133,726	99.9

The 1977 Fund provides pension and disability benefits for local police officers and firefighters hired after April 30, 1977. Benefits for the members of this plan have been funded on an actuarial basis through contributions from cities and towns and from plan members. In addition, the INPRS Board of Trustees administers a Pension Relief Fund for local police and fire units whose employees participate in the 1925 police pension fund, the 1937 firefighters' pension fund and the 1953 police pension fund (the "Old Funds"). Benefits for the members who participate in the Old Funds have been funded on a "pay-as-you-go" basis, under which benefits are paid from current revenue of cities and towns and by plan members' contributions. The State currently reimburses cities and towns for their entire pension benefit expenditure under the Old Funds via the Pension Relief Fund, but previously reimbursed cities and towns for a portion of their pension benefit expenditures. To provide such pension relief, the State has dedicated a portion of the State's cigarette tax revenue, liquor tax revenue, Hoosier Lottery profits, and investment earnings on the Public Deposit Insurance Fund. From time to time, the General Assembly has also appropriated general and dedicated funds to pension relief. During Fiscal Year 2011, $219 million was expended from the Pension Relief Fund, and on June 30, 2011, the total net assets of the Pension Relief Fund were $53 million.

Further information about the 1977 Fund including CAFRs for the most recent fiscal years, as well as the most recent actuarial valuation report, current investment policy statement and other materials, go to www.IN.gov/INPRS and click "Publications".

Judges' Retirement System

The Judges' Retirement System ("JRS") has been in existence since 1953 to provide retirement, disability and survivor benefits for Judges. Prior to July 1, 2011, The Judges' Retirement System was administered by a six-member Board of Trustees, and after that date, by INPRS.

All Judges and magistrates in covered positions are required to join the JRS. On June 30, 2011, the JRS had 770 members, survivors and beneficiaries. The pension benefit consists of a pension formula benefit based upon years of service and the member's salary as defined by statute. The employee contribution rate is defined by law as 6% of each employee's salary.

Contributions are made to the JRS by the State as determined by INPRS. Contribution rates are set by INPRS (and prior to July 1, 2011, by the PERF Board of Trustees) based on the annual actuarial valuation. The State's obligation to the JRS is funded by appropriations from the state general fund. The tables below highlight the funded status (Table 20) and contribution history (Table 21) for the JRS for the last six (6) valuation dates.

Table 20
Schedule of Funding Progress
(dollars in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/2006	178,276	272,997	94,721	65.3	34,065	278.1
6/30/2007	211,747	283,995	72,248	74.6	29,712	243.2
6/30/2008	234,881	338,749	103,868	69.3	33,729	307.9
6/30/2009	240,954	330,551	89,597	72.9	36,196	247.5
6/30/2010	242,143	364,123	121,980	66.5	36,722	332.2
6/30/2011	248,623	400,273	151,650	62.1	45,764	331.4

Table 21
Schedule of Employer Contributions
(dollars in thousands)

Fiscal Year Ended	Valuation Date	Annual Required Contributions	Annual Employer Contributions	Percentage Contributed
6/30/2006	6/30/2005	14,932	13,537	90.7
6/30/2007	6/30/2006	12,249	14,662	119.7
6/30/2008	6/30/2007	10,028	15,920	158.8
6/30/2009	6/30/2008	16,131	20,861	129.3
6/30/2010	6/30/2009	16,077	18,631	115.9
6/30/2011	6/30/2010	18,910	19,200	101.5

Further information about the JRS including CAFRs for the most recent fiscal years, as well as the most recent actuarial valuation report, current investment policy statement and other materials, go to www.IN.gov/INPRS and click "Publications".

Prosecuting Attorneys' Retirement Fund

("PARF") has been in existence since 1990 to provide retirement, disability and survivor benefits for Prosecuting Attorneys, Chief Deputy Prosecuting Attorneys and Deputy Prosecuting Attorneys. Prior to July 1, 2011, PARF was administered by a six-member Board of Trustees, and after that date, by INPRS.

All Prosecuting Attorneys, Chief Deputy Prosecuting Attorneys and Deputy Prosecuting Attorneys are required to join PARF. PARF members are also required to join PERF. On June 30, 2011, PARF had 550 members, survivors and beneficiaries. The PARF benefit consists of a pension formula benefit based upon years of service and the member's annual compensation as defined by statute. The employee contribution rate is defined by law as 6% of each employee's salary. The employer may pick up the employee's contributions to PARF.

Contributions are made to PARF by the State determined by normal cost and amortizing the unfunded accrued liability during periods established pursuant to statute. Contribution rates are set by INPRS (and prior to July 1, 2011, by the PERF Board of Trustees) based on annual actuarial valuations. The tables below highlight the funded status (Table 22) and contribution history (Table 23) for PARF for the last six (6) valuation dates.

Table 22
Schedule of Funding Progress
(dollars in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/2006	20,053	29,184	9,131	68.7	19,225	47.5
6/30/2007	23,815	32,052	8,237	74.3	18,092	45.5
6/30/2008	26,350	38,069	11,719	69.2	20,617	56.8
6/30/2009	26,467	44,632	18,165	59.3	20,782	87.4
6/30/2010	26,166	49,174	23,008	53.2	21,016	109.5
6/30/2011	25,651	53,252	27,601	48.2	18,082	152.6

Table 23
Schedule of Employer Contributions
(dollars in thousands)

Fiscal Year Ended	Valuation Date	Annual Required Contributions	Annual Employer Contributions	Percentage Contributed
6/30/2006	6/30/2005	952	170	17.9
6/30/2007	6/30/2006	1,044	190	18.2
6/30/2008	6/30/2007	1,040	170	16.3
6/30/2009	6/30/2008	1,340	170	12.7
6/30/2010	6/30/2009	1,663	170	10.2
6/30/2011	6/30/2010	1,960	170	8.7

Further information about PARF including CAFRs for the most recent fiscal years, as well as the most recent actuarial valuation report, current investment policy statement and other materials, go to www.IN.gov/INPRS and click "Publications".

Legislators' Retirement System

The Legislators' Retirement System ("LRS") has been in existence since 1989 to provide retirement, disability and survivor benefits for members of the General Assembly. Prior to July 1, 2011, the LRS was administered by a six-member Board of Trustees, and after that date, by INPRS. The LRS includes two plans: The Legislators' Defined Benefit Plan ("LEDBP") and the Legislators' Defined Contribution Plan ("LEDCP"). The LEDBP includes only legislators of the state of Indiana who were serving on April 30, 1989, and elected participation. Legislators elected or appointed after April 30, 1989 participate in the LEDCP.

On June 30, 2011, the LEDBP had 112 members, survivors and beneficiaries. The LEDBP benefit consists of a pension formula benefit based upon the lesser of $40 per month times the years of service in the General Assembly prior to November 8, 1989 or the highest consecutive three-year average annual salary at termination, divided by twelve.

Contributions are made to the LEDBP by the State determined by normal cost and amortizing the unfunded accrued liability of each unit during periods established pursuant to statute. Contribution rates are set by INPRS (and prior to July 1, 2011, by the PERF Board of Trustees) based on annual actuarial valuations. The LEDBP is funded by appropriations from the State general fund. The tables below highlight the funded status of the LEDBP (Table 24) and contribution history (Table 25) for the LEDBP for the last six (6) valuation dates.

Table 24
Schedule of Funding Progress
(dollars in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Number of Active Participants (c)	UAAL per Covered Participant ((b-a)/c)
6/30/2006	4,721	5,232	511	90.2	46	11
6/30/2007	5,035	5,169	134	97.4	43	3
6/30/2008	5,120	5,039	(81)	101.6	34	(2)
6/30/2009	4,730	5,087	357	93.0	33	11
6/30/2010	4,075	4,909	834	83.0	20	42
6/30/2011	3,634	4,621	987	78.6	7	141

Table 25
Schedule of Employer Contributions
(dollars in thousands)

Fiscal Year Ended	Valuation Date	Annual Required Contributions	Annual Employer Contributions	Percentage Contributed
6/30/2006	6/30/2005	91	100	109.9
6/30/2007	6/30/2006	120	100	83.3
6/30/2008	6/30/2007	66	100	151.5
6/30/2009	6/30/2008	45	100	222.2
6/30/2010	6/30/2009	63	-	0.0
6/30/2011	6/30/2010	113	-	0.0

On June 30, 2011 the LEDCP had 222 members. The LEDCP employee contribution rate is defined by law as 5%. Contributions are made to the LEDCP by the state based on a rate determined by the INPRS board and confirmed by the budget agency not to exceed the total contribution rate paid that year by the state to INPRS for state employees.

Further information about the LEDBP including CAFRs for the most recent fiscal years, as well as the most recent actuarial valuation report, current investment policy statement and other materials, go to www.IN.gov/INPRS and click "Publications."

State Excise Police, Gaming Agent, Gaming Control Officer and Conservation Enforcement Officers' Retirement Plan

The State Excise Police, Gaming Agent, Gaming Control Officer and Conservation Enforcement Officers' Retirement Plan ("EPCEP") has been in existence since 1972 to provide retirement, disability and survivor benefits for Excise Police, Gaming Agents, Gaming Control Officers and Conservation Enforcement Officers. Prior to July 1, 2011, EPCEP was administered by a six-member Board of Trustees, and after that date, by INPRS.

All Excise Police, Gaming Agents, Gaming Control Officers and Conservation Enforcement Officers are required to join EPCEP. On June 30, 2011, EPCEP had 680 members, survivors and beneficiaries. The EPCEP benefit consists of a pension formula benefit based upon years of service and the member's annual compensation as defined by statute. The employee contribution rate is defined by law as 4% of each employee's salary. The employer may pick up the employee's contributions to EPCEP.

Contributions are made to EPCEP by the State determined by normal cost and amortizing the unfunded accrued liability during periods established pursuant to statute. Contribution rates are set by INPRS (and prior to July 1, 2011, by the PERF Board of Trustees) based on annual actuarial valuations. Funding for the State's obligation to EPCEP is included as part of the expenditures for fringe benefits by each State agency. The tables below highlight the funded status (Table 26) and contribution history (Table 27) for EPCEP for the last six (6) valuation dates.

Table 26
Schedule of Funding Progress
(dollars in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/2006	48,496	64,765	16,269	74.9	14,892	109.2
6/30/2007	57,414	74,451	17,037	77.1	17,715	96.2
6/30/2008	65,375	77,177	11,802	84.7	21,333	55.3
6/30/2009	68,170	89,296	21,126	76.3	25,238	83.7
6/30/2010	70,327	97,862	27,535	71.9	26,709	103.1
6/30/2011	72,599	101,534	28,935	71.5	24,028	120.4

Table 27
Schedule of Employer Contributions
(dollars in thousands)

Fiscal Year Ended	Valuation Date	Annual Required Contributions	Annual Employer Contributions	Percentage Contributed
6/30/2006	6/30/2005	2,710	2,498	92.2
6/30/2007	6/30/2006	3,128	3,359	107.4
6/30/2008	6/30/2007	3,676	4,854	132.0
6/30/2009	6/30/2008	4,427	5,294	119.6
6/30/2010	6/30/2009	5,237	5,256	100.4
6/30/2011	6/30/2010	5,179	5,197	100.3

Further information about EPCEP including CAFRs for the most recent fiscal years, as well as the most recent actuarial valuation report, current investment policy statement and other materials, go to www.IN.gov/INPRS and click "Publications".

Indiana State Police Pension Trust

The Indiana State Police Pension Trust was established in 1937. The Trust consists of a two-part State Police Benefit System, the Pre-1987 Plan and the 1987 Plan, that provide retirement benefits to the employee beneficiaries. The Trust is administered by the Pension Advisory Board, which consists of the Superintendent of the Department of State Police; a representative of the pension consultants and the Trustee (Treasurer of State of Indiana), who both serve on a nonvoting basis; three active employees of the Department of State Police; and an Executive Secretary who is appointed by the Superintendent.

The State Police Pension Fund shall consist of voluntary contributions from the Department, contributions deducted from the wages of employees of the Department, any other payments or contributions made by the State of Indiana in the form of appropriations from the State's General Fund and the Motor Vehicle Highway Fund, and the income and proceeds derived from the investment of the Fund.

Employees who are participating in the Pre-1987 Plan shall make contributions equal to 5% of their salary, provided that the maximum contribution shall be equal to 5% of the Six Year Trooper Salary. Employees who are participating in the 1987 Plan shall make contributions equal to 6% of their salary. The method used in determining the annual required contributions and the calculation of the unfunded actuarial accrued liability is the Entry Age Actuarial Cost Method. A smoothed basis method is used for the asset valuation.

See the following tables for the funding status and a contribution history.

Table 28

Schedule of Funding Progress

Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	(c) Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a)/(b)	(d) Annual Covered Payroll	UAAL as % of Payroll (c)/(d)
7/1/2006	$339,122,497	$392,809,758	$ 53,687,261	86.3%	$54,156,357	99.1%
7/1/2007	$371,918,092	$413,968,601	$ 42,050,509	89.8%	$59,862,892	70.2%
7/1/2008	$386,872,985	$438,460,280	$ 51,587,295	88.2%	$65,421,105	78.9%
7/1/2009	$356,056,202	$453,687,692	$ 97,631,490	78.5%	$68,283,255	143.0%
7/1/2010	$363,487,316	$447,063,504	$ 83,576,188	81.3%	$66,603,419	125.5%
7/1/2011	$361,457,004	$470,852,078	$109,395,074	76.8%	$64,947,968	168.4%

*Determined under the Entry Age Actuarial Cost Method, as defined in Statement #27 of the Governmental Account Standards Board. Under this method, the Actuarial Present Value of the Projected Benefits of each individual is allocated on a level basis over the earnings of the individual between age at hire and assumed retirement age. The amortization of the Unfunded Actuarial Accrued Liability is based on a 40-year closed period from July 1, 1997.

Table 29

Schedule of Employer Contributions

Plan Year Ended June 30	Annual Required Contribution (ARC)*	Actual Employer Contribution	Percentage of ARC Contributed	Net Pension Obligation (NPO)
2007	$9,472,493	$12,113,595	127.9%	$8,606,962
2008	$9,173,931	$9,412,228	102.6%	$8,277,546
2009	$10,361,583	$9,472,493	91.4%	$9,071,870
2010	$14,229,907	$9,471,135	66.6%	$13,718,223
2011	$12,266,567	$9,449,670	77.0%	$16,389,890
2012	$14,517,041			

*The Annual Required Contribution (ARC) is not equal to the minimum annual contribution in accordance with Indiana Code 10-12-2-2(i) but instead determined under the Entry Age Actuarial Cost Method as defined in Statement #27 of the Governmental Account Standards Board GASB#27). The amortization of the Unfunded Actuarial Accrued Liability is based on a 40-year closed period from July 1, 1997 and is determined as a level dollar amount. Effective July 1, 2010, the amortization is based on a 30-year closed period from July 1, 2010 as a level dollar amount.

State Pension Funding Obligations

The State is obligated to fund various components of the plans described above as follows:

1. PERF as to State Employees

Table 30 below represents the historical presentation showing only the active, State-related portion, not including the PERF ASA.

Table 30
Public Employees' Retirement Fund
(Active, State-Related Portion, Not Including the PERF ASA)[1]
(dollars in thousands)

	June 30,2006[2]	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011
Funded Status						
Actuarial Value of Assets	$2,169,620	$2,350,652	$2,469,431	$2,121,550	$1,803,664	$1,433,516
Actuarial Accrued Liability (AAL)	2,210,377	2,335,082	2,513,791	2,443,039	2,678,031	2,538,861
Unfunded/(Overfunded) AAL	40,757	(15,570)	44,360	321,489	874,367	1,105,345
Funded Ratio	98.2%	100.7%	98.2%	86.8%	67.4%	56.5%
Contribution Rate[3]	6.3%	6.3%	6.5%	7.0%	8.6%	9.7%
	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011
Contribution History						
Annual Required Contributions	$87,947	$96,430	$99,135	$107,981	$118,200	$176,290
Actual Employer Contributions	72,890	89,801	106,867	111,214	111,555	115,232
Percentage Contributed	82.9%	93.1%	107.8%	103.0%	94.4%	65.4%

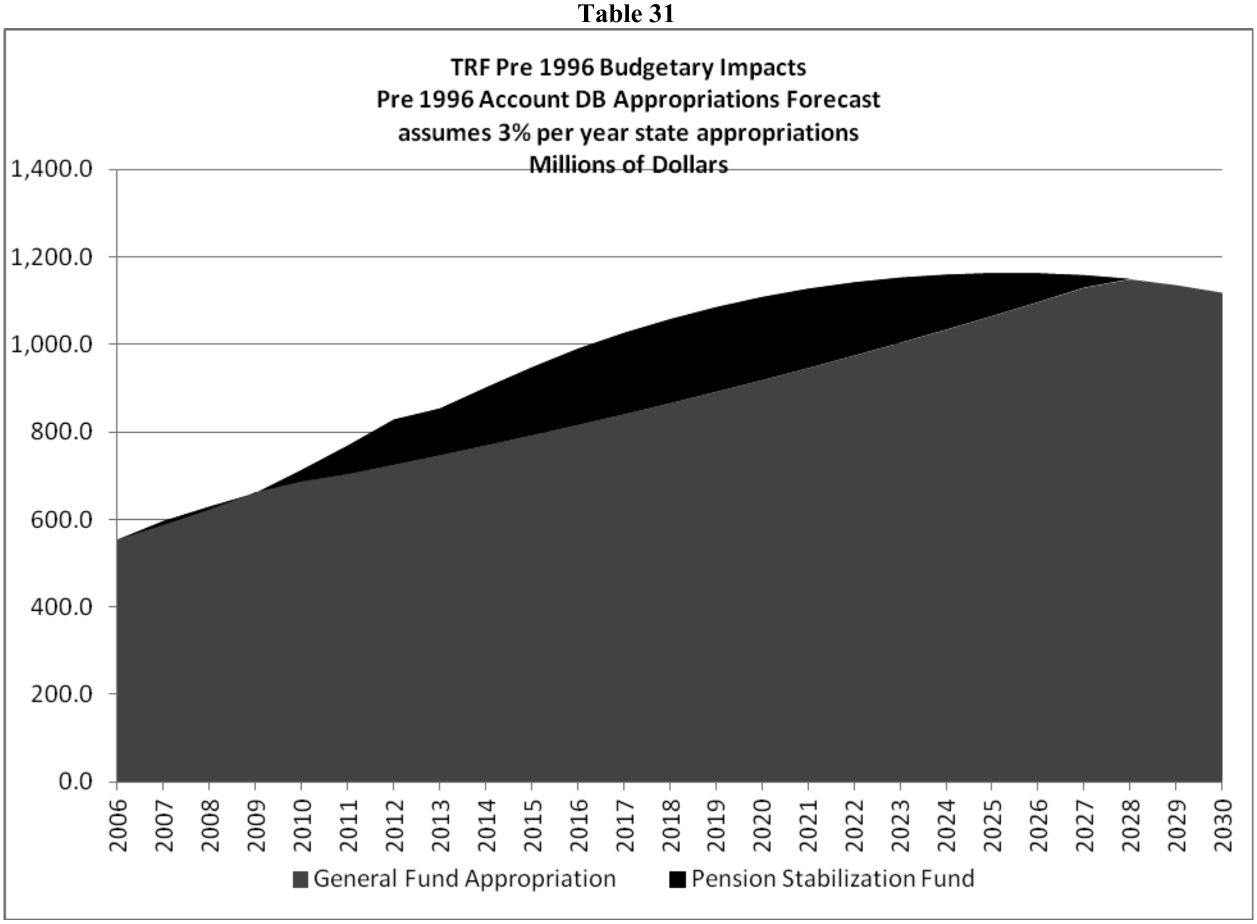
(1) State-related portion does not include any information from schools.
(2) The 1.0% lifetime cost of living adjustment assumption was changed to a 1.5% lifetime cost of living adjustment assumption as the final step in phasing in this assumption. Also, the actuarial assumptions were revised based on the recommendations of an actuarial experience study prepared for the period 2000-2005.
(3) Contribution rate is a blended rate for all employers participating in the PERF plan, and is set using the most recently completed actuarial valuation that goes into effect July 1 of the next calendar year.

Source: Actuarial Valuation Report, Public Employees' Retirement Fund of Indiana, June 30, 2011.

2. Pre 1996 TRF Plan

The Pension Stabilization Fund has been a source of State contributions to the Pre 1996 Plan in the last five years, and projections indicate that the Pension Stabilization Fund will be expended over the next approximately 16 years for this purpose at which time the State's Obligations under the Pre 1996 Plan are expected to be lower each succeeding year. If the annual amount of benefit liabilities for the Pre 1996 Plan retirees exceeds the annual state appropriation allotted to the Pre 1996 Plan, the Pension Stabilization Fund supplements the shortfall. The Pension Stabilization Fund amount is impacted each year by investment earnings and monies allotted from the Lottery. Projections of future annual benefit payments from the Pre 1996 Plan range from approximately \$123 million/year to almost \$1.2 billion. Projections of future annual benefit payments from the Pre 1996 Plan will continue to grow from the current level of \$0.8 billion annually and will peak at almost \$1.2 billion annually. This funding will be provided by the annual state appropriations which are projected to grow by 3% per year with any remaining required amounts coming from the Pension Stabilization Fund. Table 31 below shows the projected value of the Pension Stabilization Fund over time and Table 32 shows the payments (and the sources therefore) under the Pre 1996 Plan in recent years.

Table 31



Projections assume, inter alia, (1) a 5% annual investment return on the Pension Stabilization Fund, (ii) continued annual funding of Pension Stabilization Fund from lottery revenues of $30 million, and (iii) 103% year over year appropriations from General Fund for Pre-1996 Plan benefits. Projections are subject to change.

Source: Actuarial Valuation Report, Teachers' Retirement Fund, June 30, 2011.

See the following table for the contribution history.

Table 32
TRF Pre-1996 Pension Stabilization Fund Balances

(Dollars in Millions)

Fiscal Year	2006	2007	2008	2009	2010	2011
PSF Balance	$1,537.0	$1,880.1	$2,084.5	$1,614.4	$1,932.8	$2,263.5

3. Other Plan Obligations

The State's funding obligations for each of the other components of the State pension system are small relative to PERF and TRF and can be seen in prior tables under "Annual Employer Contributions".

ECONOMIC AND DEMOGRAPHIC INFORMATION

Summary

Indiana is expanding the diversity of its economy while maintaining its strong tradition in the manufacturing sector. Manufacturing capacity has contributed to Indiana's estimated 2010 State Gross Domestic Product (GDP) of approximately $276 billion (current dollars), ranking sixteenth largest in the country in terms of the value of goods and services produced. The Manufacturing sector now represents 16% of total employment in Indiana, a decrease from 22% in 2000. From 2000 to 2010, Indiana witnessed significant shifts in the distribution of employment between sectors. Employment in the Education and Health Services sector increased by 28.9%; followed by a 11.3% gain in Professional & Business Services. Trade, Transportation & Utilities is the largest employment super sector in Indiana.

Indiana is rich in assets with a low cost of living, a business-friendly regulatory environment and an efficient transportation system. Well-located for goods production and distribution, Indiana is within a day's drive of nearly two-thirds of the United States' population. With 10,023 miles of State highways and 1,172 miles of interstate highways, Indiana has more interstate highways passing through it than any other state. The Governor's 2006 Major Moves transportation initiative, calling for $10.6 billion invested over 10 years, will fund both maintenance and new construction for Indiana's roadways. Coupled with the elimination of the state's inventory tax and the adoption of Daylight Savings Time in 2006, Indiana becomes even more attractive as a site for production, warehousing and distribution and transportation activities.

The cost of living index for Indiana's major cities has been consistently below the national average. Indiana ranks favorably among the states in housing affordability and percent of home ownership. Electricity costs are comparatively low in Indiana due to the ready availability of ample natural resources. According to the U.S. Energy Information Administration, year-to-date average retail electric utility rates through December 2011 were 7% lower than the national average for all industrial consumers; while residential retail electric bills were 17% below the national average.

The Indiana Economic Development Corporation (IEDC) is Indiana's lead economic development agency. Officially established in February 2005 to replace the State's former Department of Commerce, the IEDC is a public private partnership governed by a 12-member board of directors chaired by the Governor. Since its inception, the

IEDC has worked with more than 1,350 companies from across Indiana and around the globe who have collectively committed to create more than 153,000 new jobs and invest nearly $30 billion of private capital in their Indiana operations. In 2012 alone, the IEDC has already worked with 133 companies who have committed to create more than 12,100 new jobs and invest more than $2.1 billion in new or expanded operations in industries ranging from advanced manufacturing, life sciences, defense and information technology.

Population

Indiana is the 16th most populous state in the United States. The capital and largest city is Indianapolis. From 2000 to 2010, the Indianapolis-Carmel Metropolitan Statistical Area ("MSA") grew by 13.1%. While Indiana's educational attainment rate for bachelors' degrees has lagged the nation and several neighboring states, estimates from Census 2000 and the 2001-2009 American Community Survey indicates that between 2000 and 2009, the number of individuals with "some college", associates' degrees and bachelors' degrees were increasing at a substantially higher rate than the population 25 years and older. In addition, of those Hoosiers who have completed a bachelors' degree or above, 36% have attained masters', doctoral or professional degrees, closely matching the national average of 36.9%.

Table 33
Educational Attainment, Indiana Population 25 Years & Over

Year	Some college, no degree	Assoc Degree	BA/BS or Above	Population 25 Yrs & Over
2000	727,387	210,265	749,872	3,893,278
2001	739,281	244,714	789,776	3,882,504
2002	725,926	219,712	794,098	3,845,706
2003	747,449	253,224	811,771	3,863,200
2004	768,437	250,762	838,435	3,889,833
2005	789,952	276,886	840,876	3,956,723
2006	793,292	296,052	891,489	4,110,754
2007	803,293	293,297	914,471	4,143,159
2008	866,304	313,410	956,371	4,177,420
2009	884,767	314,491	943,472	4,193,210
2010	884,028	317,235	960,164	4,229,798
2000-2010 Growth	21.5%	50.9%	28.0%	8.6%

Sources: Census 2000, 2001-2010, American Community Survey, March 2012

Indiana's excellent state colleges and universities attract the brightest students both nationally and globally (the state ranked 2nd nationally in terms of net domestic migration of college freshmen in 2008, according to the National Center for Education Studies). [1] These schools also serve as the focus of research and development efforts; assist in the formation of small business "incubators," and award advanced degrees in fields as varied as engineering, economics and pharmacy. In 2007, based on a National Science Foundation (NSF) survey, among the nation's public universities, Indiana ranked 19th in the nation in Academic Research & Development from Institutional funding (including grants and endowments) and 15th in terms of both Industry (for-profit entities) funding and 15th in funding from "All Other" sources[2]. In the National Science Foundation 2006-2008 Science and Engineering State Profiles report, Indiana ranks in the top 20 for numbers of Doctoral Scientists, Science and Engineering (S&E) doctorates awarded, S&E and health post doctorates and graduate students in doctorate granting institutions. [3] Indiana University, Purdue University and the University of Notre Dame have all been included in the Financial Times rankings of the world's top business schools.[4]

Section Footnotes:
(1) http://www.stats.indiana.edu/sip/
(2) http://www.nsf.gov/statistics/nsf09303/content.cfm?pub_id=3871&id=2
(3) http://www.nsf.gov/statistics/nsf10302/
(4) Financial Times Report: Global MBA Rankings, 2011; http://rankings.ft.com/businessschoolrankings/global-mba-rankings-2011

Table 34
Population, including Selected Indiana MSAs

	2000*	2010	Percentage Change 2000-2010
Indiana	6,080,485	6,483,802	6.6%
Indianapolis-Carmel MSA	1,525,104	1,724,161	13.1%
Fort Wayne MSA	390,156	409,242	4.9%
Evansville-Henderson MSA (IN part)	283,866	289,568	2.0%
South Bend MSA	316,663	319,224	0.8%
Gary PMSA	675,971	697,220	0.3%
United States	281,421,906	308,745,538	9.7%

* These Indiana Metropolitan Statistical Areas were reconfigured in 2005. The above population estimates are based on the areas as defined by the Office of Management and Budget as of December 2005. Consistent aggregate historical data are not yet readily available. Source: U.S. Census Bureau, May 2011.

Employment

During this past decade, employment in Indiana has shifted significantly between sectors, reflecting the fundamental changes taking place in the state's economy and following larger trends at the national level. Within the Manufacturing sector, some well-paying industry components continued to experience employment declines in 2010, generally mirroring the nation. Medical Equipment & Supplies Manufacturing, however, has continued to see high growth through 2010. Listed on the table below are some examples of high wage subsectors in Indiana.

Table 35
Indiana High Wage Subsectors

NAICS Subsector	Sector Description	2005-2010 Employment Change	Indiana % Change	Indiana 2010 Annual Average Wage
3362	Motor Vehicle Body & Trailer Manufacturing	-13,400	-35%	$47,900
3361	Motor Vehicle Manufacturing	700	5%	$74,140
6113	Colleges, Universities & Professional Schools	3,800	6%	$43,300
6220	Hospitals	11,400	10%	$45,100
3391	Medical Equipment & Supplies Manufacturing	2,900	17%	$62,400

Source: U.S. Bureau of Labor Statistics, Quarterly Census of Employment & Wages, June 2011.

The fastest growing super sectors overall during the last decade were Education and Health Services, which grew by 22.8% from 2001 to 2011, followed by Professional & Business Services (18% growth). Although Manufacturing is still the second largest super sector at 20% of total employment, it was the slowest growing sector from 2001 to 2011 and has undergone significant diversification and acquired an international presence in recent years. While Transportation Equipment Manufacturing employment has taken heavy losses as part of the turmoil and restructuring of that industry, Indiana's attraction of foreign auto manufacturers has served to buffer the State somewhat compared to neighboring states and the U.S. overall. In particular, Indiana's employment in the Motor Vehicle Manufacturing sub-sector has actually grown by about 37% between 2001 and 2011.

Table 36
Indiana Non-Farm Employment by Super Sector; December 2001 to December 2011
(Not Seasonally Adjusted)

NAICS Super Sectors	2001	Percentage of Total	2011	Percentage of Total	Growth 2001-2011
Total Non Farm	2,928,800	100%	2,864,400	100%	-2.2%
Education & Health Svc.	349,100	12%	428,800	15%	22.8%
Prof & Business Svc.	247,600	8%	292,200	10%	18.0%
Other Services	106,400	4%	109,300	4%	2.7%
Government	423,500	14%	434,100	15%	2.5%
Leisure and Hospitality	265,000	9%	273,800	10%	0.3%
Trade, Transport. & Util.	608,000	21%	569,900	20%	-6.3%
Financial Activities	141,500	5%	129,900	5%	-8.2%
Construction	147,500	5%	124,000	4%	-15.9%
Information	43,900	1%	34,100	1%	-22.3%
Manufacturing	592,000	20%	471,600	16%	-20.3%
Services Providing	2,182,200	75%	2,262,100	79%	3.7%
Goods Producing	746,600	25%	602,300	21%	-19.3%

Source: U.S. Bureau of Labor Statistics, Current Employment Statistics, March 2012

Table 37
Unemployment Rate
(Annual Averages of Monthly Data)

Year	Indiana	U.S.	Indiana as Percentage of U.S.
2001	4.2%	4.7%	89.4%
2002	5.2%	5.8%	89.7%
2003	5.3%	6.0%	88.3%
2004	5.3%	5.5%	96.4%
2005	5.4%	5.1%	105.9%
2006	5.0%	4.6%	108.7%
2007	4.6%	4.6%	100.0%
2008	5.9%	5.8%	101.7%
2009	10.4%	9.3%	111.8%
2010	10.2%	9.6%	106.3%
2011	9.0%	8.9%	101.1%

Source: U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics, April 2012

The unemployment statistics listed above are indicative of average annual data.

Income

In 2011, Indiana's per capita personal income increased to $35,550 or 4.6% from 2010. Indiana's personal income growth ranked fifteenth among states in the nation last year. During the past eleven years, Indiana's personal income grew at an average annual rate of 2.8%.

Table 38
Growth in Per Capita Personal Income
(Current Dollars)

Year	Indiana	U.S.	Indiana	U.S.
2001	28,028	31,157	2.1%	2.8%
2002	28,476	31,481	1.6%	1.0%
2003	29,484	35,295	3.5%	2.6%
2004	30,528	33,909	3.5%	5.0%
2005	31,141	35,452	2.0%	4.6%
2006	32,667	37,725	4.9%	6.4%
2007	33,645	39,506	3.0%	4.7%
2008	34,894	40,947	3.7%	3.7%
2009	33,323	38,846	-4.5%	-5.1%
2010	33,981	39,937	2.0%	2.8%
2011	35,550	41,663	4.6%	4.3%
Average Annual Growth Rate (2001-2011):			2.4%	3.0%
Total Growth Rate (2001-2011):			26.4%	32.8%

Source: U.S. Department of Commerce, Bureau of Economic Analysis, March 2012.

Gross Domestic Product by State

With an estimated 2010 Gross Domestic Product by State of approximately $275.6 billion, Indiana's economy ranks sixteenth largest in the country in terms of the value of goods and services produced. Since 2000, Indiana's Gross Domestic Product by State has grown at an average annual rate of 3.9% (current dollars).

Table 39
Indiana Gross Domestic Product by Sector: 2000 to 2010
(Millions of Current Dollars)

NAICS Industry Sectors	2000	Percentage of Total	2010	Percentage of Total	Percentage Growth 2000-2010
Arts, entertainment, and recreation	$ 2,563	1.3%	$ 2,939	1.1%	14.7%
Educational services	1,339	0.7%	2,539	0.9%	89.6%
Administrative and waste services	4,479	2.2%	7,089	2.6%	58.3%
Health care and social assistance	11,996	6.1%	22,257	8.1%	85.5%
Professional and technical services	6,506	3.3%	11,421	4.1%	75.5%
Transportation and warehousing	6,805	3.4%	9,025	3.3%	32.6%
Finance and insurance	12,206	6.2%	18,981	6.9%	55.6 %
Other services, except government	5,164	2.6%	6,449	2.3%	24.9%
Government	19,115	9.7%	27,848	10.1%	45.7%
Accommodation and food services	4,587	2.3%	6,164	2.2%	34.4%
Real estate, rental, and leasing	20,111	10.2%	25,693	9.3%	27.8%
Mining	669	0.3%	1,086	0.4%	62.3%
Manufacturing	57,437	29.0%	74,917	27.2%	30.4%
Wholesale trade	10,961	5.6%	14,102	5.1%	28.7%
Information	3,888	2.0%	5,901	2.1%	51.8%
Construction	9,130	4.6%	9,616	3.5%	5.3%
Retail trade	13,497	6.8%	16,548	6.0%	22.6%
Utilities	3,962	2.0%	6,147	2.2%	35.5%
Management of companies and enterprises	2,195	1.1%	2,860	1.0%	30.3%
Agriculture, forestry, fishing, and hunting	1,414	0.7%	4,038	1.5%	185.6%
Total Gross Domestic Product by State	$198,020	100.0%	$275,676	100.0%	39.2%

Note: Individual sectors may not sum to totals due to rounding. NAICS Industry detail is based on the 2002 North American Industry Classification System (NAICS).
Source: U.S. Department of Commerce, Bureau of Economic Analysis, June 2011.

Exports

Since 2003, Indiana businesses have significantly increased exported output. The value of exports in calendar year 2004 jumped to $19,212 million, a 16.7% increase over 2003, in 2005 the total value increased to $21,594 million, a 12.4% growth rate, in 2006 the total value increased to $22,666 million, a 5.0% increase, in 2007 increased to $25,956 million, a 14.5% increase and in 2008 improved to $26,502 million, a 2.1% increase. After decreasing in 2009, Indiana's exports increased by 25.6% in 2010. Since 2000, Indiana's exports have grown at an average annual rate of 8.0% as compared to 6.3% for the United States as a whole.

Table 40
Exports – Annual Percentage Change
(Millions)

	Exports		Annual Percentage Change		Indiana as a Percentage of
Year	Indiana	U.S.	Indiana	U.S.	U.S. Exports
2000	15,386	781,918	19.2%	12.4%	2.0%
2001	14,365	729,100	-6.6%	-6.8%	2.0%
2002	14,956	693,103	4.1%	-4.9%	2.2%
2003	16,468	724,771	10.1%	4.6%	2.3%
2004	19,212	818,775	16.7%	13.0%	2.4%
2005	21,594	901,082	12.4%	10.1%	2.4%
2006	22,666	1,025,967	5.0%	13.9%	2.2%
2007	25,956	1,148,198	14.5%	11.9%	2.3%
2008	26,502	1,287,442	2.1%	12.1%	2.1%
2009	22,907	1,056,042	-13.6%	-18.0%	2.2%
2010	28,774	1,278,263	25.6%	21.0%	2.3%
Average Annual Growth Rate (2000-2010):			8.0%	6.3%	
Total Growth (2000-2010):			88.5%	69.2%	

Source: Office of Trade and Industry Information (OTII), Manufacturing and Services, International Trade Administration, U.S. Department of Commerce, June 2011

Table 41
Indiana's Leading Export Industries and Destinations
(Millions)

Top Export Industries		Export Destinations	
Industry	2010 Exports	Country	2010 Exports
Transportation Equipment Mfg	$7,959.0	Canada	$10,694
Chemical Manufacturing	7,608.7	Mexico	2,613
Machinery Manufacturing	3,540.1	Germany	1,830
Computer & Electronic Products	1,744.0	United Kingdom	1,467
Misc. Manufacturing	1,705.8	France	1,408
Primary Metal Manufacturing	1,541.3	Japan	1,197
Elect Equip, Appl. & Component	814.4	China	1,089
Fabricated Metal Products	673.1	Spain	942
Rubber & Plastics Products	651.4	Brazil	820
Food Manufacturing Products	612.8	Australia	568
Other	1,924.3	Other	6,147
Total	$28,774.9		$28,775

Sources: Office of Trade and Industry Information (OTII), Manufacturing and Services, International Trade Administration, U.S. Department of Commerce, June 2011

LITIGATION

The following litigation liability survey is a summary of certain significant litigation and claims currently pending against the State involving amounts exceeding $10.0 million individually or in the aggregate. This summary is not exhaustive either as to the description of the specific litigation or claims described or as to all of the litigation or claims currently pending or threatened against the State.

The State does not establish reserves for judgments or other legal or equitable claims against the State. Judgments and other such claims must be paid from the State's unappropriated balances and reserves, if any.

Employment Litigation

In July 1993, in *Paula Brattain, et al v. Richmond State Hospital,* plaintiffs filed a breach of employment contract lawsuit in a state trial court alleging that the State has failed to pay certain similarly classified State employees at an equal rate of pay from September 19, 1973, to September 19, 1993. The Court certified plaintiffs' class, and class notification was completed. Plaintiffs seek to recover damages as well as attorneys' fees and costs. Mediation was unsuccessful. A claims-made basis class action settlement was preliminarily approved on August 18, 2008, with an $8.5 million settlement cap (inclusive of fees and costs). If the State's purported total liability for claims, attorneys' fees and expenses exceed $8.5 million the State may exercise its option to terminate the Settlement Agreement and proceed to trial. On October 20, 2008, the Court conducted a fairness hearing for the purpose of considering any timely written objections that may have been filed and determining pursuant to Ind. Trial Rule 23(E) whether the Court should approve the agreed settlement as fair, reasonable, and adequate. Only three objections to the proposed settlement were filed with the Court, and one was subsequently withdrawn. The Court found the two remaining objections were meritless. The Court approved the settlement on October 30, 2008, subject to the State Defendants' option to terminate the settlement agreement. On November 10, 2008, the State Defendants filed a Notice Regarding Settlement Agreement in which they gave notice that the conditions for terminating the settlement agreement have been met, and the State Defendants elect to exercise their option to terminate the settlement pursuant to the settlement agreement. Trial was reset for March 10, 2009. The Court has ordered the parties to return a second mediation session for February 5, 2009. Mediation was unsuccessful. A four-day bench trial was conducted March 10-13, 2009. The Court took the matter under advisement and gave the parties until March 31, 2009 to submit proposed findings of fact and conclusions of law. Findings and conclusions of law were submitted. Settlement discussions continued but the parties were unable to reach an agreement. On July 28, 2009, the Court entered judgment against the state in the total amount of $42,422,788.00 ($20,979,490.00 awarded to merit, overtime eligible employees; $16,762,773.00 awarded to non-merit, overtime eligible employees; $2,696,812.00 awarded to merit, overtime exempt employees; $1,983,713.00 awarded to non-merit, overtime exempt employees). On July 31, 2009, the State filed a Notice of Appeal and Motion to Stay Judgment Pending Appeal. On August 28, 2009, the trial court granted the motion to stay judgment pending appeal. On August 31, 2009, the State's Case Summary and Notices of Appearance were filed in the Court of Appeals. On September 23, 2009, plaintiffs filed Notices of Appearance and a Motion for pre-appeal conference and appellate alternative dispute resolution. On October 13, 2009, the State filed a response to Appellees' motion. On October 20, 2009, the court of appeals denied Appellees' Motion for Pre-Appeal Conference and Appellate Alternative Dispute Resolution. The trial court reporter was granted an extension until January 18, 2010, to file the transcript of proceedings. On November 17, 2009, plaintiffs reduced their settlement demand to $20 million. Defendants responded on December 1, 2009, with offer of $8.5 million (inclusive of fees and costs) and later increased the offer to $10 million, which plaintiffs rejected. The matter was fully briefed in the Court of Appeals. Oral Argument was held on August 23, 2010 and taken under advisement. Opinion issued by the Court of Appeals on October 8, 2010, reversed in part, affirmed in part and remanded to trial court for determination of damages; excused exhaustion of administrative remedies but limited back pay to 10 days (instead of 20 years) for merit employees; affirmed 20 years of back pay for non-merit employees. The Impact of this opinion was a reduction in trial court's judgment from $42.4 million to approximately $19 million. Both plaintiffs and defendants filed Petitions for Rehearing. Defendants' Petition for Rehearing denied. Plaintiffs' Petition for Rehearing granted in part remanding to trial court for determination of if/when individual merit plaintiffs filed administrative complaints. Plaintiffs and defendants each filed Petitions for Transfer to the Indiana Supreme Court, which were granted June 3, 2011. Oral argument was held in the Supreme Court on September 8, 2011 and taken under advisement. The Indiana Supreme Court issued a Ruling on February 16, 2012. It determined that both the "Merit and Non-Merit" employees, overtime-exempt and overtime-eligible, are all owed back pay on their claims for the same period (ten days prior to each class member filing claims or, if no claims filed, ten days prior to filing the lawsuit). This opinion further reduced the amount of damages owed to the plaintiffs. On March 16, 2012, plaintiffs' Petition for Rehearing was filed with the court. On March 19, 2012, defendants' Petition for Rehearing was filed with the court. Both Petitions for Rehearing were denied by the Supreme Court. The matter is now remanded to the trial court to determine damages in accordance with the ten-day limit on back pay.

Civil Rights Litigation

In 1968, in *United States of America, et al v. Board of School Commissioners, et al,* a lawsuit seeking to desegregate the Indianapolis Public Schools was filed in the United States District Court for the Southern District of Indiana. Since about 1978, the State has paid several million dollars per year for inter-district busing that is expected to continue through 2016. The District Court entered its final judgment in 1981 holding the State responsible for most of the costs of its desegregation plan, and those costs have been part of the State's budget since then. In June 1998, the parties negotiated an 18-year phase out of the desegregation plan that was approved by the Court for some school corporations and a 13-year phase out of the desegregation plan for the school corporations that had already began the desegregation plan. State expenditures will be gradually reduced as the plan is phased out.

Other Contingencies

In May 2010, the State of Indiana on behalf of the Indiana Family and Social Services Administration, by outside counsel, and IBM ("IBM") sued each other regarding the company's contract to fix the state's welfare system. The state filed suit against IBM for breach of contract and unjust enrichment seeking to recover more than $43.4 million in payments, indemnification, damages, costs, fees, interest, treble damages, declaratory judgment and other relief. IBM filed suit seeking deferred costs and fees alleged in the amount of $43.4 million, and costs of IBM equipment allegedly retained by the state after termination of the contract for any reason in the amount of $9.3 million. Both lawsuits were filed in Marion County Superior Court and were consolidated on June 1, 2010. Trial commenced February 2012. A decision was handed down on July 18, 2012. The State has been ordered to pay IBM an additional $12 million, for a total of $52,081,416 plus prejudement interest and costs. The State received nothing from its complaint.

APPENDIX B

DESCRIPTION OF THE QUALIFIED ENTITY, THE COLUMBUS LEARNING CENTER AND THE AMENDED QUALIFIED OBLIGATIONS

The Qualified Entity

The City. The City of Columbus, Indiana (the "City") (2010 census population 44,061), is located in south central Indiana, approximately forty-five (45) miles south of Indianapolis. The City is home to one of Indiana's largest manufacturers, Cummins, Inc., which manufactures automotive components and machinery which are distributed and sold on a worldwide basis. The City is renowned for its focus on cultural refinements, boasting many facilities with some of the most innovative modern architectural designs in the United States and numerous works of public art.

Board of Aviation Commissioners. The City's Board of Aviation Commissioners (the "BAC"), the governing body of the Department of Aviation of the City, owns and operates Columbus Municipal Airport, the City's municipal airport located on the north side of the City (the "Airport"). The BAC was established by the City pursuant to Indiana Code 8-22-2 (the "Municipal Airport Act"). The BAC consists of four commissioners, each of which is appointed by the Mayor of the City. The BAC is responsible for establishing the policies governing the use of the municipal airport of the City.

The BAC owns significant property surrounding the Airport and has encouraged the further development of the western portion of that property for educational purposes due to the rapid growth of post secondary enrollments on BAC leased property over the past ten years. The BAC has leased property to create business parks, including commercial, office and light industrial uses, and has also leased property to higher education institutions serving the region, as described in more detail below. See "The Learning Center – Participating Entities."

The Amended Qualified Obligations do not constitute a general or moral obligation of the City or BAC but are special, limited revenue obligations payable solely from revenues of the Learning Center deposited in the Aviation Revenue Bond Fund, all as more particularly described herein.

The Learning Center

Background

A number of years ago, Columbus area civic, governmental and education leaders concerned about the City's, and the surrounding region's, dependence upon the automotive industry for high paying employment opportunities, identified the need to provide more high technology education and training to the area's future and current workforce to facilitate a more diverse and robust local and regional economy. To spearhead this effort, this group formed the Community Education Coalition (the "Coalition"), a nonprofit coalition to develop strategies to realize this goal.

The Coalition focused on developing a collaborative community learning system intended to identify and deliver continuous education and training to citizens, community organizations and businesses in the Columbus area. As one of its initial efforts, the Coalition pursued grant monies to develop innovative programs in furtherance of this objective. The Coalition was very successful in this regard, having received twenty-one (21) grants totaling over $8 million for educational programs from a wide variety of business, governmental and charitable sources, including a $5 million "CAPE" grant from the Lilly Endowment (one of the first such recipients of this initiative awarded by the Lilly Endowment) for program development purposes. The Coalition also received grants and used the proceeds thereof to study facility needs in the area, including needs for higher education. Since 2007, the Coalition has raised and leveraged additional grant funding from business, governmental and charitable sources including $43 million from Lilly Endowment to support development of science, technology, engineering and math secondary and post secondary programs (including $15 million for the Advanced Manufacturing Center of Excellence, adjacent to the Learning Center).

Learning Center. As part of its strategy to implement a collaborative community learning system, and in particular to develop the training and educational opportunities needed by local businesses, the Coalition identified the need for a new, technology-oriented facility that would house these new educational and workforce development programs. The result of these efforts was the Columbus Learning Center (the "Learning Center").

In June of 2003, the Qualified Entity issued its Lease Rental Revenue Bonds, Series 2003, in the principal amount of $27,515,000, to finance the construction of the Learning Center. Construction of the Learning Center was completed in April of 2005 with students of the Participating Entities (as hereinafter defined) commencing use of the Learning Center in May of 2005.

Physically, the Learning Center serves as a bridge or connector between two (2) facilities utilized by the Participating Entities. More importantly, the Participating Entities use the Learning Facility in a flexible and cooperative manner, without defined leased space, to implement the educational and workforce programs described above. Other entities involved in education, training and workforce development also may lease or use space in the Learning Center to provide specific education, training and workforce development programs. For example, the Learning Center has been utilized by Bartholomew Consolidated School Corporation, Columbus Regional Hospital, Cummins, Inc., United Way, City of Columbus, American Institute of Architects, Rotary International, Indiana Department of Finance and the NAACP.

The Learning Center houses high-tech classrooms, an Information Commons, a Center for Teaching and Learning, a shared University Library for the campus, a College & Careers Exploration Center, student services, student life, academic and career testing center, and administrative offices. These facilities are available both for the Participating Entities and, to the extent time and space permit, for the community as a whole, including local businesses and industries, for training purposes.

Participating Entities. Prior to the construction of the Learning Center, The Trustees of Indiana University, The Trustees of Purdue University and Ivy Tech State College, the three (3) largest public higher educational institutions in the State of Indiana (collectively, the "Participating Entities"), provided degree programs through two (2) separate facilities located on the western edge of the Airport property. These programs served students both within Bartholomew County (where the City is located) and in Southern Indiana generally. See Appendix B-1 attached hereto for a description of the programs offered by the Participating Entities and the percentage of the student population from Bartholomew County.

Through the construction of the Learning Center, the two facilities of the Participating Entities have been connected (though not physically with each facility being separate and distinct) with the Learning Center serving as a joint use facility for the Participating Entities, as more particularly described above.

Columbus Learning Center Management Corporation. Since the Participating Entities do not have defined leased space within the Learning Center and in order to allow the Participating Entities to focus on programs, rather than facility maintenance, the Columbus Learning Center Management Corporation, an Indiana nonprofit corporation (the "Management Corporation"), was established to operate and maintain the Learning Center. The Board of Directors of the Management Corporation consists of thirty-one (31) members representing business, education, government and significant non-profit organizations in the Columbus region. Mark R. Gerstle, Vice President of Community Relations for Cummins, Inc., currently serves as the Chair of the Board of Directors of the Management Corporation. John M. Burnett serves as Chief Executive Officer of the Management Corporation and the Coalition. He has served as an officer of the Board since 1999. Prior to 1999, Mr. Burnett was owner and president of a human resource consulting and staffing company. From 1984 to 1997, Mr. Burnett worked for Cummins Engine Company where he held a variety of human resources positions including Director of Human Resources. After receiving his B.S. degree from Indiana State University in English and Education, Mr. Burnett taught high school English for three years. As Chief Executive Officer of the Management Corporation, Mr. Burnett has oversight responsibility for all aspects of the operation of the Learning Center and the broader work of the Management Corporation. In addition, David Galle serves as Chief Operations Officer and Christine Beach serves as the program/operations manager of the Learning Center. Ms. Beach is directly responsible for managing the program activities at the Learning Center and the day-to-day operations and maintenance of the physical plant facilities of the Learning Center.

The Amended Qualified Obligations are not an obligation of the Management Corporation, or any of the Participating Entities or any member, director, officer, agent, attorney or employee thereof but are special, limited revenue obligations payable solely from revenues of the Learning Center deposited in the Aviation Revenue Bond Fund, all as more particularly described herein.

The Amended Qualified Obligations

Because the Learning Center is located on Airport property owned by the BAC, the Prior Qualified Obligations were issued pursuant to Indiana Code 8-22-2-1 *et seq.* (the "Municipal Act") to finance the acquisition, construction and installation of the Learning Center. The Municipal Act authorizes the City, on behalf of the BAC, to issue special, limited revenue bonds or other obligations, payable solely from the revenues generated from facilities financed under the Municipal Act and deposited in the Aviation Revenue Bond Fund established for the purpose of setting aside monies for the payment of debt service on such bonds or other obligations. The Amended Qualified Obligations which will be executed and delivered to the Bond Bank in exchange for the Prior Qualified Obligations are identical in all respects to the Prior Qualified Obligations except that the Amended Qualified Obligations will not be subject to redemption prior to a date which is more than thirty (30) days prior to the earliest optional redemption date of the Series 2012 C Bonds.

The Amended Qualified Obligations do not constitute a general or moral obligation or indebtedness of the City, the BAC, the Participating Entities or the Management Corporation under the Constitution or laws of the State, but are payable solely from the revenues generated by the Learning Center deposited in the Aviation Revenue Bond Fund.

The Lease Agreement. The BAC, as owner and lessor of the Learning Center and the real estate upon which the Learning Center is located, has entered into a Lease Agreement dated as of June 1, 2003, with the Management Corporation, as master lessee (the "Lease Agreement"). By separate agreement, the BAC has designated the Management Corporation as its agent to oversee all aspects of the Learning Center.

> Lease Payments: Net Lease. The Lease Agreement provides for lease payments to be made by the Management Corporation thereunder to be sufficient to pay when due the principal of and interest on the Amended Qualified Obligations. The term of the Lease Agreement coincides with the term of the Amended Qualified Obligations. The Lease Agreement constitutes a "net Lease," *i.e.*, the rental paid by the Management Corporation is absolutely net to the BAC, and the BAC has no obligation with respect to the operation, maintenance, provision of services, repair or replacement, insurance or taxes and assessments with respect to the Learning Center, such responsibilities are those of the Management Corporation (the "Additional Management Corporation Responsibilities").
>
> The Operation and Maintenance Fund and the Repair and Replacement Fund. The Lease Agreement establishes an Operation and Maintenance Fund (the "O&M Fund") and a Repair and Replacement Fund (the "R&R Fund") for deposit of moneys to provide funds to pay amounts necessary to satisfy the Additional Management Corporation Responsibilities. The O&M Fund and the R&R Fund are held by the Qualified Entity Trustee pursuant to the Qualified Entity Trust Agreement (the "Qualified Entity Trust Agreement") dated as of June 1, 2003, among the City (on behalf of BAC), the Management Corporation and The Bank of New York Mellon Trust Company, N.A., successor to Fifth Third Bank, Indiana, as trustee (the "Qualified Entity Trustee"). After sufficient moneys are set aside to make the required lease payments, a deposit is made into the O&M Fund to provide sufficient moneys for routine operation and maintenance of the Learning Center, including the payment of premiums for insurance with respect to the Learning Center. In addition, a component of the deposit into the O&M Fund is set aside for the financing of fixtures, furnishings and equipment, including the computer and other technology equipment to be provided within the Learning Center. See "Financing of Furniture, Fixtures, Equipment and Technology" herein. After making the required deposit to the O&M Fund, remaining moneys are deposited in the R&R Fund to finance significant repairs and replacement, as necessary, for the Learning Center. The current balance in the R&R Fund is $1,338,471 and is estimated to increase to $4,480,721 by January of 2019.

Source of Lease Payments and Deposits to the O&M Fund and R&R Fund. The Lease Agreement provides that the lease payments made by the Management Corporation and the funds for deposit into the O&M Fund and the R&R Fund are payable solely from moneys payable to the Management Corporation under the Sublease Agreement (as hereinafter defined and more particularly described), together with moneys already available therefor in the funds and accounts established under the Qualified Entity Trust Agreement. As described below, the amounts payable to the Management Corporation pursuant to the Sublease Agreement consist of appropriations by the Indiana General Assembly to the Indiana Department of Administration (the "DOA").

Limitation of Liability. The Lease Agreement provides that the obligations of the BAC and the Management Corporation under the Lease Agreement do not constitute an indebtedness of the State, or any agency or political subdivision thereof, including the City or the BAC, within the meaning or application of any constitutional provision or limitation of the State or the laws of the State, or a pledge of the faith or credit of the State, or any agency or political subdivision thereof, including the City or the BAC. If sufficient moneys are not paid by the Management Corporation under the terms of the Lease Agreement, neither the City, the BAC, the Management Corporation, the Bond Bank, the holders of the Series 2012 C Bonds, or any other person will have the right to compel funds to be appropriated by the Indiana General Assembly or any other body to be made available for such purpose.

The Sublease Agreement. The Management Corporation, as master lessee, has entered into a Sublease Agreement dated as of June 1, 2003, with the DOA, as sublessee. The DOA was established under Indiana Code 4-13-1-1, *et seq.*, and is the agency of the State responsible for providing general services for various departments and agencies of the State, including information management, procurement and property management and other general administrative services. The DOA acts as sublessee to facilitate the efficient administration of the financing of the Learning Center on behalf of and for the benefit of the Participating Entities and does not occupy the Learning Center.

The form of the Sublease Agreement and the use of the Learning Center by the Participating Entities has been approved by the Indiana Commission for Higher Education and the State Budget Agency following review by the State Budget Committee, as required under P.L. 173-2002, the legislation enacted by the Indiana General Assembly authorizing the Learning Center and the use of appropriations to make sublease rental payments in the manner contemplated pursuant to the Sublease Agreement. The Sublease Agreement (and the Lease Agreement) was fully executed prior to the date of issuance of the Prior Qualified Obligations and remains in full force and effect.

The Participating Entities. The Participating Entities occupy the Learning Center and executed the Sublease Agreement for the limited purpose of agreeing to those portions of the Sublease Agreement pertaining to the use of the Learning Center, including their agreement to occupy and use the Learning Center so long as the Sublease Agreement remains in effect, and to acknowledge their obligations under a joint use agreement among the Participating Entities and the Management Corporation governing the respective use of the Learning Center by each of the Participating Entities on a day-to-day basis. The Participating Entities, however, have no obligation to make any rental payments under the Sublease Agreement.

Source and Use of Sublease Payments. Sublease payments from the DOA come exclusively from appropriations made by the Indiana General Assembly. The payments are to be made in an amount sufficient to (i) pay debt service on the Amended Qualified Obligations; (ii) make the required deposits into the O&M Fund to pay for routine operation and maintenance of the Learning Center and to provide funds for the financing of fixtures, furnishings and equipment for the Learning Center; and (iii) make the required deposits into the R&R Fund. Sublease Payments are made by the DOA to the Management Corporation on a semiannual basis. The portion of the sublease payments that are to be applied to the payment of debt service on the Amended Qualified Obligations will be paid directly to the Trustee for the Series 2012 C Bonds. The remaining portion of such payment will be transferred to the Qualified Entity Trustee for deposit in the O&M

Fund or the R&R Fund held by the Qualified Entity Trustee under the terms of the Qualified Entity Trust Agreement.

Term of Sublease Agreement and Payments Thereunder. The sublease payments commenced on July 15, 2005, after substantial completion of the Learning Center. Because sublease payments made by the DOA are subject to appropriation by the Indiana General Assembly, the lease term is for two years and is subject to two (2)-year renewal terms ending on June 30 of odd-numbered years, subject to continuing appropriations by the Indiana General Assembly. SINCE THE INITIAL TERM OF THE SUBLEASE AGREEMENT, THE INDIANA GENERAL ASSEMBLY HAS NEVER FAILED TO MAKE AN APPROPRIATION SUFFICIENT TO COVER THE SUBLEASE PAYMENTS AND THE SUBLEASE AGREEMENT HAS ALWAYS BEEN RENEWED. THE DOA HAS MADE ALL SUBLEASE PAYMENTS ON THE SUBLEASE AGREEMENT AS SUCH PAYMENTS HAVE BEEN DUE.

Non-Appropriation of Funds; Termination of Sublease; Vacation of Premises. The Sublease Agreement provides that in the event the Indiana General Assembly fails to appropriate sufficient funding, or the DOA fails to allocate sufficient funding, such that the DOA cannot meet any rental obligation under the Sublease Agreement, the Sublease Agreement shall terminate and the DOA and the Participating Entities must vacate the subleased premises prior to the date of such termination. The DOA is obligated to pay rental under the Sublease Agreement for any period (i) during which the subleased premises are available for use and occupancy by the Participating Entities, and (ii) funds have been appropriated and available to the DOA to pay rental under the Sublease Agreement.

Limitation of Liability. The Sublease Agreement provides that the obligations of the Management Corporation, the DOA and the Participating Entities under the Sublease Agreement do not constitute an indebtedness of the State, or any agency or political subdivision thereof, including the DOA, the Participating Entities, the City or the BAC, within the meaning or application of any constitutional provision or limitation of the State or the laws of the State, or a pledge of the faith or credit of the State, or any agency or political subdivision thereof, including the DOA, the Participating Entities, the City or the BAC. If sufficient moneys are not paid by the DOA under the terms of the Sublease Agreement, neither the City, the BAC, the Management Corporation, the Bond Bank, the holders of the Series 2012 C Bonds, or any other person will have the right to compel funds to be appropriated by the Indiana General Assembly or any other body to be made available for such purpose.

A more detailed discussion of the State and its financial condition and procedures is set forth in Appendix A, "FINANCIAL AND ECONOMIC STATEMENT FOR THE STATE OF INDIANA."

Financing of Fixtures, Furnishings and Equipment. The financing of the fixtures, furnishings and equipment, including computer and other equipment needed to operate the programs offered by the Participating Entities in the Learning Center, have been procured by the City, on behalf of the BAC, through a program established by the Bond Bank and commonly known as the Hoosier Equipment Lease Program (HELP). The financing consists of lease-purchase installment contracts with payments made from funds paid to the Management Corporation pursuant to the Sublease Agreement from amounts deposited in the O&M Fund held by the Qualified Entity Trustee under the Qualified Entity Trust Agreement for such specific purpose. Future acquisition and installation of new and replacement fixtures, furnishings and equipment will likewise be financed from anticipated deposits into the O&M Fund to be made pursuant to the Sublease Agreement.

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APPENDIX B -1

PARTICIPATING ENTITY PROGRAMS AND GEOGRAPHICAL ENROLLMENT INFORMATION

The following are summaries of the degree programs currently offered by the Participating Entities and the regional distribution of enrollment in the programs offered by the Participating Entities:

THE TRUSTEES OF INDIANA UNVERSITY

Indiana University-Purdue University Columbus (IUPUC) a part of the university system operated by The Trustees of Indiana University, currently is located adjacent to the Columbus Municipal Airport and the Learning Center, on 4601 Central Avenue.

Enrollment for the period from 2003 – 2011 has been between 1,345 to 1,715 students per year with enrollment for the period 2007-2011 as follows:

Year	Enrollment
2007	1,532
2008	1,528
2009	1,628
2010	1,651
2011	1,715

The University projects 5% growth in enrollment over the next 5 years.

Students can complete the following degree at IUPUC:

1. Business (BS, MBA)
2. Communication Studies (BA)
3. Elementary Education (BS)
4. English (BA)
5. General Studies (BGS)
6. Mechanical Engineering (BSME)
7. Nursing (BSN)
8. Psychology (BA, BS, MA)
9. Sociology (BS)

42% of the students enrolled at IUPUC are from Bartholomew County.

THE TRUSTEES OF PURDUE UNIVERSITY

The Purdue University School of Technology Statewide System, a part of the university system operated by The Trustees of Purdue University, was created to extend Purdue's existing technology programs across the state to help meet Indiana's need for trained technologists and technicians. The statewide system represents a direct academic and administrative extension of the College of Technology at West Lafayette campus.

The College of Technology statewide delivery system includes Purdue programs in Anderson, Columbus, Greensburg, Indianapolis, Kokomo, Lafayette, New Albany, Richmond, South Bend and Vincennes. Other communities may be served as needs arise.

Enrollment for the period from 2003 – 2011 has been between 139 to 315 students with enrollment for the period 2007 to 2011 as follows:

Year	Enrollment
2007	172
2008	211
2009	154
2010	159
2011	139

The University projects 10% growth in enrollment over the next 5 years.

Students can complete the following Bachelor of Science degrees at Purdue University College of Technology Columbus:

1. Computer Information Technology
2. Industrial Technology
3. Mechanical Engineering Technology
4. Organizational Leadership and Supervision

52% of the students enrolled at the Purdue College of Technology are from Bartholomew County.

IVY TECH STATE COLLEGE

With 23 campuses statewide, Ivy Tech State College is Indiana's largest public higher education system. An open-access, two-year technical college, Ivy Tech offers courses, degree programs, training leading to certifications and continuing education. The College provides customized training opportunities for businesses and industries.

Enrollment for the period from 2003 – 2011 has been between 2,100 to 6,500 students per year with enrollment for the period 2007 – 2011 as follows:

Year	Enrollment
2007	2,813
2008	4,353
2009	5,709
2010	6,523
2011	6,346

The College projects 4% growth in enrollment over the next 5 years.

Number of degrees offered:

	2003	2011
Associate of Science		
1. (Traditional)	6	19
2. (Distance)	3	6
Associate of Applied Science		
1. (Traditional)	13	18
2. (Distance)	4	10
3. (Apprenticeship)	2	1
Technical Certificate		
1. (Traditional)	8	12
2. (Distance)	1	3
3. (Apprenticeship)	2	1
Associate of Arts		
1. (Traditional)	0	1
2. (Distance)	0	0
Associate of General Studies		
1. (Traditional)	0	1
2. (Distance)	0	1

32.8% of the students enrolled at Ivy Tech State College are from Bartholomew County.

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APPENDIX C

FORM OF BOND COUNSEL OPINION

Upon the delivery of the Series 2012 C Bonds, Faegre Baker Daniels LLP, as bond counsel, proposes to deliver an opinion in substantially the following form:

September 19, 2012

Indiana Bond Bank
Indianapolis, Indiana

The Bank of New York Mellon
Trust Company, N.A., as trustee
Indianapolis, Indiana

KeyBanc Capital Markets Inc.
Chicago, Illinois

Re: Indiana Bond Bank Special Program Refunding Bonds, Series 2012 C (Columbus Learning Center Project)

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the Indiana Bond Bank (the "Issuer") of Twenty-Two Million Ninety Thousand Dollars ($22,090,000) aggregate principal amount of the Indiana Bond Bank Special Program Refunding Bonds, Series 2012 C (Columbus Learning Center Project), originally dated September 19, 2012 (the "Bonds"). The Bonds are being issued pursuant to Indiana Code 5-1.5, as amended (the "Act"), and a certain Trust Indenture dated as of June 1, 2003, between the Issuer and The Bank of New York Mellon Trust Company, N.A. (successor in interest to Fifth Third Bank, Indiana), as trustee (the "Trustee"), as supplemented and amended by a certain First Supplemental Trust Indenture dated as of September 1, 2012, between the Issuer and the Trustee (as supplemented and amended, the "Indenture").

We have examined the law and such certified proceedings and other certificates, instruments and documents as we have deemed necessary or appropriate for purposes of rendering this opinion.

As to questions of fact material to our opinion, we have relied upon representations, covenants and certifications of the Issuer, public officials and others contained in the certified proceedings and other certificates, instruments and documents furnished to us. We have further relied upon (i) the legal opinion of Barnes & Thornburg LLP, Indianapolis, Indiana, general counsel to the Issuer, dated the date hereof, as to the matters stated therein, (ii) the report of Crowe Horwath LLP, Indianapolis, Indiana, independent certified public accountants, dated the date hereof, as to the matters stated therein, and (iii) 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 execute and deliver the Indenture and perform its obligations thereunder and to issue the Bonds.

2. The Indenture constitutes a valid and binding obligation of the Issuer, enforceable upon the Issuer in accordance with its terms.

3. The Bonds have been duly authorized, executed and issued by the Issuer in accordance with the Act, and are valid and binding special obligations of the Issuer, payable solely from and secured solely by the sources provided therefor in and pursuant to the Indenture.

4. The interest on the Bonds is excludable pursuant to Section 103 of the Internal Revenue Code of 1986, as amended and in effect on the date of delivery of the Bonds (the "Code"), from gross income for federal income tax purposes, and the Bonds are not "private activity bonds" under Section 141 of the Code; however, it should be noted that with respect to corporations (as defined for federal income tax purposes), interest on the Bonds is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on such corporations. The opinions set forth in the preceding sentence are subject to the condition that the Issuer and the Qualified Entity (as defined in the Indenture) 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. The Issuer and the Qualified Entity have covenanted to comply with each of such requirements. Failure to comply with certain of such requirements may cause the interest on the Bonds to cease to be excludable from gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. We express no opinion regarding any other federal tax consequences arising with respect to the Bonds.

5. The interest on the Bonds is exempt from taxation in the State of Indiana for all purposes except the Indiana financial institutions tax and the Indiana inheritance tax.

It is to be understood that the rights of the holders of the Bonds and the Trustee and the enforceability of the Bonds and the Indenture may be subject to bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights heretofore or hereafter enacted and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

Very truly yours,

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 not otherwise defined in this Official Statement shall have the meanings ascribed thereto in the Indenture.

GENERAL TERMS AND PROVISIONS OF 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 forthwith 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 must 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, are limited 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 under the Indenture and the Qualified Obligations acquired by the Trustee, all of which are assigned and pledged under the Indenture 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 in the Indenture contained 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 expressly waived and released as a condition of and consideration for the execution of the Indenture and issuance of such Bonds.

BOND BANK COVENANTS

Covenants Concerning the Program

In order to provide for the payment of the principal of, premium if any, and interest on the Bonds and of Program Expenses, the Bond Bank will from time to time, with all practical dispatch and in a sound and economical manner in accordance with the Act, the Indenture and sound banking practices and principles (i) do all acts and things as are necessary to receive and collect Revenues (including the enforcement of the prompt collection of any arrears on all 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 the rights of the Bond Bank with respect to the Qualified Obligations and to enforce all terms, covenants and conditions of the Qualified Obligations. Whenever necessary in order to provide for the payment of principal of and interest on the Bonds, the Bond Bank will also commence appropriate remedies with respect to any Qualified Obligation which is in default.

Accounts and Reports

The Bond Bank will keep proper and separate books of records and accounts in which complete and correct entries will be made of its transactions relating to the Funds and Accounts established by the Indenture. Such books, and all other books and papers of the Bond Bank, and all Funds and Accounts will at all reasonable times be subject to the inspection of the Trustee and the owners of an aggregate of at least 5% in principal amount of Bonds then Outstanding or their representatives duly authorized in writing.

Before the twentieth day of each month, the Trustee will provide the Bond Bank with a statement of the amounts on deposit in each Fund and Account as of the first day of that month and the total deposits to and withdrawals from each Fund and Account during the preceding month. The Bond Bank may provide for less frequent statements so long as such statements are supplied no less frequently than quarterly.

Covenants with Respect to Qualified Obligations

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

(a) Not to permit or agree to any material change in any Qualified Obligation (other than ones for which consent of 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 debt service on all Outstanding Bonds along with Program Expenses, if any, in each such Fiscal Year.

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

(c) To enforce or authorize the enforcement of all remedies available to the Bond Bank as the owner or holder of the 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 debt service on all Outstanding Bonds along with Program Expenses, if any, in each such Fiscal Year; provided, however, that decisions as to the enforcement of remedies shall be within the sole discretion of the Trustee.

(d) Not to sell or dispose of the Qualified Obligations, unless the Bond Bank first provides the Trustee with 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 transferred from any Fund or Account, will at least equal debt service on all Outstanding Bonds along with Program Expenses, if any, in each such Fiscal Year.

Annual Budget

The Bond Bank will adopt and file with the Trustee, upon the written request of the Trustee, and appropriate State officials under the Act an annual budget covering its fiscal operations for the succeeding Fiscal Year not later than July 1 of each year. The annual budget will be open to inspection by any Owner of Bonds. In the event the Bond Bank does not adopt an annual budget for the succeeding Fiscal Year on or before July 1, the budget for the preceding Fiscal Year will be deemed to have been adopted and be in effect for the succeeding Fiscal Year until the annual budget for such Fiscal Year has been duly adopted. The Bond Bank may at any time adopt an amended annual budget in the manner then provided in the Act.

Monitoring 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.

Cash Flow Certificates.

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

1. 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;

2. 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;

3. all moneys expected to be in the Funds and Accounts (with respect to the Debt Service Reserve Fund, only to the extent provided in subparagraph (4));

4. the amount, if any, expected to be withdrawn from the Debt Service Reserve Fund, but only if the amount on deposit in the Debt Service Reserve Fund is expected to at least equal the Reserve Requirement immediately after such withdrawal and such withdrawal is permitted by the Indenture;

5. the debt service due on all Bonds expected to be Outstanding during each Fiscal Year; and

6. 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 shall 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 shall be the amounts as of the last day of the preceding Fiscal Year. In the case of any other Cash Flow Certificate, such amounts shall 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.

Preservation of Tax Exemption for the Bonds

In order to assure the continuing excludability of interest on the Bonds from the gross income of the owners thereof for purposes of federal income taxation, the Bond Bank covenants and agrees 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 exclusion from gross income for federal tax purposes of interest on any of the Bonds pursuant to Section 103 of the Code, nor will the Bond Bank act in any other manner which would adversely affect such exclusion 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. Pursuant to the Indenture, all of these covenants are based solely on current law as in existence and 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 the Bonds is not excludable from gross income for federal 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, so long as such election does not adversely affect the exclusion from gross income of interest for federal tax purposes on any other Series of Bonds, by making such election on the date of delivery of such Series of Bonds. In such case, the tax covenants in the Indenture will not apply to such Series of Bonds.

Certification Covenants

In the event that a deficiency in the Debt Service Reserve Fund is projected in the annual budget of the Bond Bank, the Chairman of the Board of Directors of the Bond Bank will certify such projected deficiency, including any amounts owed or which may become due and owing to a Credit Provider with respect to a Qualified Surety Bond to the State General Assembly on or before August 1 of the Fiscal Year in which such deficiency is projected to occur. Further, regardless of whether any such deficiency was projected for its annual budget and regardless of the time at which such deficiency occurs or is projected to occur, the Bond Bank will take all actions required or allowed under the Act to certify any deficiency or projected deficiency in the Debt Service Reserve Fund to the State General Assembly. The Bond Bank covenants that any deficiency or amount to be certified pursuant to the Indenture will include any such deficiency or amounts due and owed as a result of a draw on any Qualified Surety Bond to pay the final maturity of the Bonds.

DEFEASANCE AND DISCHARGE OF LIEN 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 all of the Bonds then Outstanding under the Indenture, and if the Trustee receives all payments due and to become due under the Indenture, then the Indenture may be discharged in accordance with its provisions. In the event of any early redemption of Bonds in accordance with their terms, the Trustee must receive irrevocable instructions from the Bond Bank, satisfactory to the Trustee, to call such Bonds for redemption at a specified date and pursuant to the Indenture. Outstanding Bonds will continue to be a limited obligation of the Bond Bank payable only out of the 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 when (a) payment of the principal of that Bond, plus interest to its due date, either (i) has been made or has been caused to be made in accordance with its terms, or (ii) has been provided for by irrevocably depositing with the Trustee, in trust and exclusively for such payment, (1) moneys sufficient to make such payment, (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 payments, or (3) a combination of such moneys and Governmental Obligations, and (b) all other sums payable under the Indenture, including the necessary and proper fees and expenses of the Trustee pertaining to the Bonds, have been paid or deposited with the Trustee.

EVENTS OF DEFAULT AND REMEDIES

Events of Default and Remedies

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 the principal of or interest on any Bond;

(b) 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;

(c) 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 materially false or misleading 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;

(d) The Bond Bank fails to make remittances required by the Indenture to the Trustee within the time limits prescribed in the Indenture;

(e) A petition is filed against the Bond Bank 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 thirty (30) days after such filing;

(f) The Bond Bank files a voluntary petition in 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;

(g) 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 a 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 thirty (30) days;

(h) The Bond Bank fails to restore the Debt Service Reserve Fund to the applicable Debt Service Reserve Requirement within thirty (30) days after the end of the Fiscal Year during which a deficiency occurs; or

(i) The Bond Bank is rendered incapable of fulfilling its obligations under the Indenture for any reason.

Trustee's Rights and Remedies

Upon the occurrence of an Event of Default, the Trustee will notify the Owners of Outstanding Bonds of such Event of Default and will have the following rights and remedies:

(a) The Trustee may pursue any available remedy at law or in equity to enforce the payment of the principal of and interest on Bonds outstanding under the Indenture, including any and all such actions arising under the Qualified Obligations.

(b) The Trustee may by action at law or 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, appropriate and in the best interest of the Bondholders, subject to the terms of the 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 Bondholders 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 under the Indenture 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.

(d) By notice to the Bond Bank and the Attorney General of the State, 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.

If an Event of Default has occurred, if requested to do so by the Owners of 25% or more in aggregate principal amount of the Bonds Outstanding under the Indenture, and if indemnified as provided in the Indenture, the Trustee will be obligated to exercise one or more of the rights and powers conferred by the Indenture as the Trustee, being advised by counsel, deems most expedient in the interest of the Bondholders.

The Owners of a majority in aggregate principal amount of the Bonds Outstanding under the Indenture 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 shall not be otherwise than in accordance with the provisions of law and of the Indenture.

Rights and Remedies of Owners of Bonds

No owner of any Bond will have any right to institute any suit, action or proceeding at law or in equity for the enforcement of the Indenture or for the execution of any trust thereof or for any other remedy under the Indenture, unless (a) a Default has occurred, (b) such Default shall have become an Event of Default and the owners of not less than 25% in aggregate principal amount of 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, (c) such owners of Bonds have offered to indemnify the Trustee, as provided in the Indenture, and (d) the Trustee has refused, or for 30 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 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.

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 (a) more than sixty-six and two-thirds percent (66 2/3%) in aggregate principal amount of all Bonds then Outstanding in respect of which an Event of Default in the payment of principal or interest exists, or (b) more than fifty percent (50%) in aggregate principal amount of all Bonds then Outstanding in the case of any other default. However, there may not be waived (i) any Event of Default in the payment of the principal of any Bond then Outstanding under the Indenture at the specified date of maturity or (ii) any Event of Default in the payment when due of the interest on any Bond then Outstanding under the Indenture, 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 rescission, or in case any proceeding taken by the Trustee on account of any such Event of Default is discontinued or abandoned or determined adversely, then the Bond Bank, the Trustee and the Bondholders will be restored to their former positions and right under the Indenture. No waiver or rescission will extend to any subsequent or other Event of Default or impair any right consequent thereon.

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 with the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his own affairs, 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 all of the Qualified Obligations 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 as shown by the list of Bondholders required by the Indenture to be kept at the office of the Trustee. Such resignation will take effect upon the appointment of a successor Trustee and acceptance of such appointment by the successor Trustee.

The Trustee may be removed at any time, with or without cause, by instrument or concurrent instruments in writing delivered to the Trustee and 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 described in the paragraph above with respect to the resignation of the Trustee. 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 for cause by resolution of the Bond Bank filed with the Trustee.

In case the Trustee resigns or is removed, or is dissolved, or is in the 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 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 (90) 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, such temporary Trustee 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 described in the paragraph above with respect to the resignation of a Trustee. Every such Trustee so appointed will be a trust company or bank authorized to conduct business in the State, will be duly authorized to exercise trust powers, will be subject to examination by federal or state authority, will have a reported capital and surplus of not less than $75,000,000, if there be such an institution willing, qualified and able to accept the trust upon reasonable or customary terms.

SUPPLEMENTAL INDENTURES

The Bond Bank and the Trustee may, without the consent of, or notice to, any of the owners of the Bonds, enter into an 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 then Outstanding any additional benefits, rights, remedies, powers or authorities that may lawfully be granted to or conferred upon the Bondholders or the Trustee, or to make any change which, in the judgment of the Trustee, does not materially and adversely affect the interests of the Bondholders and does not otherwise require the unanimous consent of all Bondholders under the Indenture;

(c) to subject to the lien and pledge of the Indenture additional Revenues, 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 by the Trust Indenture Act of 1939 or similar federal statute;

(e) to give evidence of the appointment of a separate or co-trustee, or the succession of a new Trustee or the succession of a new registrar and/or paying agent;

(f) in connection with the issuance of Refunding Bonds;

(g) to provide for the refunding of all or a portion of the Bonds;

(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 laws; and

(i) to modify, amend or supplement the Indenture in any manner that does not adversely affect the owners of the Bonds.

With the exception of Supplemental Indentures for the purposes described in the preceding paragraph and subject to the terms of the Indenture, the owners of not less than a majority of the aggregate principal amount of the Bonds then Outstanding which are affected (other than Bonds held by the Bond Bank) will 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 Bond Bank or 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; provided, however, no Supplemental Indenture may permit or be construed as permitting, without the consent of the owners of all Bonds then Outstanding under the Indenture, (a) an extension of the stated date for maturity or redemption or a reduction in the principal amount of or redemption premium, or reduction on the rate or extension of the time of payment of the interest on, any Bonds, (b) a privilege or priority of any Bond or Bonds over any other Bond or Bonds, (c) a reduction in the aggregate principal amount of the Bonds, the owners of which are required to consent to such Supplemental Indenture, (d) the creation of any lien securing any Bonds other than a lien ratably securing all of the Bonds at any time Outstanding, (e) a reduction in the Reserve Requirement, or (f) any modification of the trusts, powers, rights, obligations, duties, remedies, immunities and privileges of the Trustee, without the written consent of the Trustee.

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APPENDIX E

DEFINITIONS

The following are definitions of certain terms used in the Official Statement, including its Appendices:

"Accounts" means the accounts created pursuant to the Indenture.

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

"Amended Qualified Obligations" means the City of Columbus, Indiana, Lease Rental Revenue Bonds, Series 2003 (Columbus Learning Center Project) (Amended), dated September 19, 2012, executed and delivered in the original aggregate principal amount of $21,166,837.08.

"Assured Guaranty" means Assured Guaranty Municipal Corp., a New York stock insurance company, or any successor thereto or assignee thereof.

"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 11 U.S.C. § 101 et seq., 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 the Indenture.

"Bonds" means the Series 2012 C Bonds and any Refunding Bonds.

"Call Rights" means, collectively, the rights of the Qualified Entity to redeem the Prior Qualified Obligations maturing on or after January 15, 2014, on any date on or after July 15, 2013.

"Call Rights Modification Credits" means, collectively, the credits against the Qualified Entity's obligations to pay principal of and interest on its Prior Qualified Obligations, which credits the Bond Bank has agreed to provide the Qualified Entity in exchange for the Qualified Entity's agreement to modify its Call Rights on the Prior Qualified Obligations and to execute and deliver its Amended Qualified Obligations (which Prior Qualified Obligations shall no longer be outstanding and shall be deemed to be refunded upon the execution of the Amended Qualified Obligations and the delivery thereof to the Bond Bank), all in accordance with the terms of the Series 2012 C Purchase Agreement.

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

"Code" means the Internal Revenue Code of 1986 in effect on the date of issuance of the Series 2012 C Bonds, and the applicable regulations or rulings promulgated or proposed thereunder, and any successor thereto.

"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 shall 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 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, liquidity facility, standby bond purchase agreement, surety bond (including a Qualified Surety Bond), insurance policy or other agreement or similar instrument issued by a Credit Provider, which provides for payment of principal or purchase price of, or interest on any Series of Bonds or a portion thereof, or is issued for deposit in the Debt Service Reserve Fund to satisfy all or a portion of the Reserve Requirement.

"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 shall be either:

(i) an insurer whose long-term debt obligations are rated (at the time of issuance of the Credit Facility) in one of the three highest Rating Categories by the Rating Agency or Rating 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 Rating Agencies rating the Bonds.

"DOA" means the Indiana Department of Administration.

"Debt Service Reserve Fund" means the fund by that name created and established pursuant to the Original Indenture and continued under the Indenture.

"Debt Service Reserve Fund Reimbursement Obligation" means any obligation to reimburse the Credit Provider of any Qualified Surety Bond for any payment made under such Qualified Surety Bond or any other obligation to repay any amounts (including, but not limited to, fees or additional interest) owing to a Credit Provider.

"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 the Indenture.

"Escrow Agreement" means the Escrow Deposit Agreement, dated as of September 1, 2012, between the Bond Bank and The Bank of New York Mellon Trust Company, N.A., as escrow trustee and Trustee, to provide for the refunding and defeasance of the Refunded Bonds.

"Escrow Account" means the Escrow Account created and established under the Escrow Agreement.

"Escrow Trustee" means The Bank of New York Mellon Trust Company, N.A., as trustee under the Escrow Agreement.

"Event of Default" means any occurrence of an event specified as such in 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 Qualified Entity.

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

"Fitch" means Fitch Ratings, or any successor thereof which qualifies as a Rating Agency under the Indenture.

"Funds" means the funds created pursuant to the Indenture, except for the Rebate Fund.

"General Account" means the account by that name created by the Indenture.

"General Fund" means the fund by that name created by the Indenture.

"Governmental Obligations" means: (a) United States Treasury Certificates, Notes and Bonds (including State and Local Government Series - "SLGs"); (b) direct obligations of the Treasury which have been stripped by the Treasury itself, CATS, TIGRS and similar securities; (c) the interest component of Resolution Funding Corp. strips, which have been stripped by request to the Federal Reserve Bank of New York in book-entry form; (d) pre-refunded municipal bonds rated "AAA" by Moody's and "Aaa" by S & P; provided, however, if the issue is rated only by S & P (i.e., there is no Moody's rating), then the pre-refunded bonds must have been pre-refunded with cash, direct United States or United States guaranteed obligations, or AAA rated pre-refunded municipals; and (e) obligations issued by the following agencies, which are backed by the full faith and credit of the United States: (i) United States Export-Import Bank (Eximbank) direct obligations or fully guaranteed certificates of beneficial ownership; (ii) Farmers Home Administration (FmHA) certificates of beneficial ownership; (iii) Federal Financing Bank; (iv) General Services Administration participation certificates; (v) United States Maritime Administration guaranteed Title IX financing; and (vi) United States Department of Housing and Urban Development (HUD) project notes, local authority bonds, new communities debentures - United States government guaranteed debentures, and United States Public Housing Notes and Bonds - United States government guaranteed public housing notes and bonds.

"Indenture" means the Original Indenture, as supplemented by the First Supplemental Trust Indenture, dated as of September 1, 2012, between the Bond Bank and the Trustee, and all supplements and amendments thereto entered into pursuant to the terms thereof.

"Interest Payment Date" means February 1 and August 1 of each year, commencing on February 1, 2013.

"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" (or their equivalent) 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 shall be permitted except with another United States Treasury Obligation and upon delivery of a new Verification; and

(vi) 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, 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 shall state and an opinion of counsel shall 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 shall be met; and

(v) the repurchase agreement shall 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, 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 2012 C 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 shall 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 shall 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 shall be addressed to the Bond Bank) 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;

(v) the investment agreement shall 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 shall, 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, 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 shall state and an opinion of counsel shall 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 shall default in its payment obligations, the provider's obligations under the investment agreement shall, at the direction of the Bond Bank or the Trustee, be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the Bond Bank or the Trustee, as appropriate; and

(B) the provider shall 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 shall automatically be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the Bond Bank or the Trustee, as appropriate.

"Lease Agreement" means the Lease Agreement between the Qualified Entity and the Management Corporation for the lease of the Learning Center, dated as of June 1, 2003, as amended by a First Amendment to Lease Agreement, dated as of September 19, 2012.

"Management Corporation" means the Columbus Learning Center Management Corporation, an Indiana nonprofit corporation.

"Moody's" means Moody's Investors Service, Inc., or any successor thereof which qualifies as a Rating Agency under the Indenture.

"Notice Address" means, with respect to the Qualified Entity, the Qualified Entity's address given in connection with the execution and delivery of its Amended Qualified Obligations to the Bond Bank, and, with respect to the Bond Bank and the Trustee:

Bond Bank:	Indiana Bond Bank 2980 Market Tower Indianapolis, IN 46204 Attention: Executive Director
Trustee:	The Bank of New York Mellon Trust Company, N.A. 300 North Meridian Street, Suite 910 Indianapolis, IN 46204 Attention: Corporate Trust Department

"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.

"Original Indenture" means the Trust Indenture, dated as of June 1, 2003, between the Bond Bank and the Trustee, pursuant to which the Refunded Bonds were authorized and secured.

"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 the Indenture; and

(iii) Bonds in lieu of which other Bonds have been authenticated under the Indenture.

"Participating Entities" means The Trustees of Indiana University, The Trustees of Purdue University and Ivy Tech State College.

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

"Prior Qualified Obligations" means the City of Columbus, Indiana, Lease Rental Revenue Bonds, Series 2003 (Columbus Learning Center Project), issued in the original aggregate principal amount of $27,515,000. The Prior Qualified Obligations were acquired by the Bond Bank from the Qualified Entity in connection with the Program with the proceeds of the Refunded Bonds pursuant to the Original Indenture; provided, however, pursuant to the Series 2012 C Purchase Agreement, the Qualified Entity is executing and delivering the Amended Qualified Obligations, for the purpose of modifying its Call Rights under the Prior Qualified Obligations in exchange for the Call Rights Modification Credits, and, upon the execution of the Amended Qualified Obligations and the delivery thereof to the Bond Bank, the Prior Qualified Obligations shall be released, canceled and returned to the Qualified Entity.

"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 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 executed and delivered to the Bond Bank, including the Series 2012 C Purchase Agreement.

"Purchase Contract" means the Bond Purchase Contract, dated September 5, 2012, between the Bond Bank and the Underwriters, concerning the sale of the Series 2012 C Bonds

"Qualified Entity" means the City of Columbus, Indiana, on behalf of the Board of Aviation Commissioners of the City of Columbus, Indiana, which is an entity defined in Indiana Code 5-1.5-1-8, as amended from time to time.

"Qualified Obligation" means a Security (as that term is defined in the Act), including the Prior Qualified Obligations, which were acquired by the Bond Bank pursuant to the Original Indenture, and the Amended Qualified Obligations, which have been acquired by the Bond Bank pursuant to the Indenture.

"Qualified Obligation Interest Payment" means that portion of a Qualified Obligation Payment which represents the interest due or to become due on a Qualified Obligation held by the Trustee 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.

"Qualified Obligation Principal Payment" means that portion of a Qualified Obligation Payment which represents the principal due or to become due on a Qualified Obligation held by the Trustee pursuant to the Indenture.

"Qualified Surety Bond" means a surety bond issued by an insurance company rated in one of the three highest rating categories by S&P and Moody's.

"Rating Agency" or "Rating Agencies" means Fitch, S&P or Moody's, according to which of such rating agencies then rates a Bond; and provided that, if none of such rating agencies then rates a Bond, the term "Rating Agency" or "Rating Agencies" shall refer to any national rating agency (if any) that provides such rating.

"Rating Category" means one of the generic rating categories of the applicable Rating Agency, without regard to any refinements or gradations of such generic rating category by numerical or other modifier.

"Rebate Fund" means the fund by that name created by the Indenture.

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

"Redemption Account" means the account by that name created by the Indenture.

"Redemption Price" means, with respect to any Bond, the principal amount thereof, plus the applicable premium, if any, payable upon redemption prior to maturity.

"Refunded Bonds" means the Indiana Bond Bank Special Program Bonds, Series 2003 D (Columbus Learning Center Project), dated June 25, 2003, issued in the original aggregate principal amount of $27,515,000 and currently outstanding in the aggregate principal amount of $23,295,000, which were issued under and secured by the Original Indenture.

"Refunding Bonds" means Bonds issued pursuant to the Indenture and any Supplemental Indenture.

"Reserve Requirement" means an amount equal to the maximum annual debt service on the Bonds, which at the time of issuance of the Series 2012 C Bonds means an amount equal to $2,294,750.

"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 2012 C Bonds" means the Indiana Bond Bank Special Program Refunding Bonds, Series 2012 C (Columbus Learning Center Project), issued pursuant to the Indenture.

"Series 2012 C Qualified Surety Bond" means the Qualified Surety Bond provided by Assured Guaranty for deposit into the Debt Service Reserve Fund to satisfy the Reserve Requirement with respect thereto. The Series 2012 C Qualified Surety Bond constitutes a Qualified Surety Bond as such term is used in the Indenture.

"Series 2012 C Purchase Agreement" means the Qualified Entity Purchase Agreement, dated September 5, 2012, by and between the Bond Bank and the Qualified Entity.

"State" means the State of Indiana.

"Sublease Agreement" means the Sublease Agreement between the Management Corporation and DOA for the Learning Center dated as of June 1, 2003.

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

"Trustee" means The Bank of New York Mellon Trust Company, 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 hereof.

"Underwriters" means, with regard to the Series 2012 C Bonds, KeyBanc Capital Markets Inc., as representative for itself and the other underwriter identified in the Purchase Contract.

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APPENDIX F

SERIES 2012 C PURCHASE AGREEMENT

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QUALIFIED ENTITY PURCHASE AGREEMENT

This QUALIFIED ENTITY PURCHASE AGREEMENT (the "Purchase Agreement"), dated as of the 5th day of September, 2012, is being entered into by and between the INDIANA BOND BANK, a body corporate and politic (the "Bond Bank"), created pursuant to the provisions of Indiana Code 5-1.5, as amended (the "Act"), having its principal place of business in the City of Indianapolis, Indiana, and the CITY OF COLUMBUS, INDIANA, a municipality located in Bartholomew County, Indiana (the "Qualified Entity").

WITNESSETH:

WHEREAS, on June 25, 2003, the Qualified Entity issued its bonds designated as the "City of Columbus, Indiana, Lease Rental Revenue Bonds, Series 2003 (Columbus Learning Center Project)" in the original aggregate principal amount of Twenty-Seven Million Five Hundred Fifteen Thousand Dollars ($27,515,000) (the "Original Qualified Obligations"), pursuant to Ordinance No. 17-2003, adopted by the Common Council of the Qualified Entity (the "Common Council") on June 17, 2003 (the "Ordinance") authorizing the Original Qualified Obligations; and

WHEREAS, as of the date hereof, the Original Qualified Obligations are outstanding in the aggregate principal amount of Twenty-Three Million Two Hundred Ninety-Five Thousand Dollars ($23,295,000); and

WHEREAS, pursuant to the terms of the Ordinance, the Original Qualified Obligations and the Qualified Entity Purchase Agreement, dated June 19, 2003 (the "Original Purchase Agreement"), by and between the Bond Bank and the Qualified Entity, the Original Qualified Obligations maturing on or after January 15, 2014 are subject to redemption prior to maturity, at the option of the Qualified Entity, in whole or in part, on any date on or after July 15, 2013 (as may be determined by the Qualified Entity), at a redemption price equal to the principal amount of the Original Qualified Obligations to be redeemed, plus accrued interest to the redemption date, and without any redemption premium (such rights, hereinafter, the "Call Rights"); and

WHEREAS, the Bond Bank previously issued its Indiana Bond Bank Special Program Bonds, Series 2003 D (Columbus Learning Center Project), dated June 25, 2003, in the aggregate principal amount of Twenty-Seven Million Five Hundred Fifteen Thousand Dollars ($27,515,000) (the "Prior Bond Bank Bonds"), pursuant to the Trust Indenture dated as of June 1, 2003 (the "Original Bond Bank Indenture"), between the Bond Bank and The Bank of New York Mellon Trust Company, N.A. (successor to Fifth Third Bank, Indiana), as trustee (the "Trustee"), for the purpose, in part, of providing funds to purchase the Original Qualified Obligations from the Qualified Entity; and

WHEREAS, the Bond Bank has authorized and intends to issue its Indiana Bond Bank Special Program Refunding Bonds, Series 2012 C (Columbus Learning Center Project) (the "Refunding Bonds"), pursuant to the First Supplemental Trust Indenture dated as of September 1, 2012 (the "First Supplemental Indenture"), between the Bond Bank and the Trustee, which supplements and amends the Original Bond Bank Indenture (the Original Bond Bank Indenture, as supplemented and amended by the First Supplemental Indenture, the "Bond Bank Indenture"), for the purpose of refunding all or a portion of the Prior Bond Bank Bonds (the "Refunding Program"); and

WHEREAS, as a condition to sharing a portion of the economic benefits associated with the Refunding Program with the Qualified Entity, the Bond Bank has requested that (a) the Qualified Entity modify its Call Rights and evidence the modification of the Call Rights and receipt of such Call Rights Modification Credit (as defined herein) (all in exchange for receiving a portion of the economic benefits associated with the Refunding Program) by executing and delivering its Amended Qualified Obligations (as hereinafter defined), and (b) following the undertaking of the Refunding Program and satisfaction of the other terms and conditions set forth herein, exchanging the Amended Qualified Obligations for the outstanding Original Qualified Obligations; and

WHEREAS, the Qualified Entity has duly authorized, pursuant to the Ordinance and pursuant to a Resolution, adopted by the Common Council on August 7, 2012 (the "Resolution") (the Ordinance and the Resolution, collectively, the "Qualified Entity Authorizing Instruments"), the modification of the Call Rights and, in order to evidence the modification of the Call Rights and receipt of the Call Rights Modification Credit, the execution and delivery of its amended bonds designated as the "City of Columbus, Indiana, Lease Rental Revenue Bonds, Series 2003 (Columbus Learning Center Project) (Amended)," in the original aggregate principal amount not to exceed the aggregate outstanding principal amount of the Original Qualified Obligations (as so amended, the "Amended Qualified Obligations");

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein, the Bond Bank and the Qualified Entity agree as follows:

Section 1. (a) In exchange for modifying the Call Rights with respect to the Original Qualified Obligations, the Bond Bank hereby agrees to provide the Qualified Entity with a credit, in an aggregate amount equal to $2,896,485.82 (the "Call Rights Modification Credit"), in the form of a reduction of one or more semi-annual debt service payments on the Original Qualified Obligations (as evidenced by the Amended Qualified Obligations), all in accordance with the schedule attached as Exhibit A hereto and made a part hereof.

(b) In order to evidence such modification of the Call Rights and receipt of such Call Rights Modification Credit, the Qualified Entity hereby agrees to execute and deliver the Amended Qualified Obligations and to exchange the Amended Qualified Obligations for all of the Original Qualified Obligations which are outstanding on the date hereof. Upon the execution and delivery of the Amended Qualified Obligations, the Bond Bank hereby agrees that it shall cancel and return all of the Original Qualified Obligations to the Qualified Entity which are outstanding on the date hereof.

(c) The parties hereby expressly agree and acknowledge that the execution and delivery of the Amended Qualified Obligations in exchange for the return of all of the Original Qualified Obligations outstanding on the date hereof shall not constitute, nor shall this Purchase Agreement or the transaction hereby contemplated ever be construed to constitute, a re-issuance of the Original Qualified Obligations, in whole or in part, for purposes of the laws of the State.

(d) Notwithstanding anything in the Ordinance, the Original Purchase Agreement or the Original Qualified Obligations to the contrary, the Amended Qualified Obligations maturing on or before July 15, 2022 shall not be subject to optional redemption prior to maturity. The Amended

Qualified Obligations maturing on or after January 15, 2023 shall be subject to redemption prior to maturity, at the option of the Qualified Entity, in whole or in part, on any date on or after July 15, 2022, upon notice provided by the Qualified Entity as required in the Ordinance, at a redemption price equal to one hundred percent (100%) of the principal amount of the Amended Qualified Obligations to be redeemed, plus accrued interest to the redemption date, and without any premium.

(e) Except as otherwise provided in this Purchase Agreement, the terms, conditions and characteristics of the Amended Qualified Obligations shall be the same as those of the Original Qualified Obligations.

Section 2. If the Qualified Entity fails to pay the principal of and interest on the Amended Qualified Obligations when due, the Qualified Entity agrees to reimburse the Bond Bank for the costs of collecting the payments on such Amended Qualified Obligations.

Section 3. The Qualified Entity has taken, or will take, all proceedings required by law, if any, to enable it to modify the Call Rights and to execute and deliver the Amended Qualified Obligations and all other documents to the Bond Bank which are necessary for the Bond Bank to undertake its Refunding Program. The parties to this Agreement acknowledge that the Qualified Entity's obligation to modify the Call Rights and to execute and deliver the Amended Qualified Obligations and the Bond Bank's obligation to accept the Amended Qualified Obligations and to cancel and return the Original Qualified Obligations, all as described herein, are expressly contingent upon the Qualified Entity taking all steps and receiving all approvals required by laws of the State, if any, to modify the Call Rights, to execute and deliver the Amended Qualified Obligations and to execute all other documents which are necessary for the Bond Bank to undertake its Refunding Program.

Section 4. Subject to Section 8 hereof, the Qualified Entity agrees to pay the Bond Bank, on each interest payment date for the Amended Qualified Obligations, reasonable fees and charges attributable to the administration of the Amended Qualified Obligations acquired by the Bond Bank. To the extent the Amended Qualified Obligations are subject to rebate, the Qualified Entity agrees to pay the Bond Bank for prompt payment to, or to evidence to the Bond Bank the payment to, the United States of the rebate determined by the Qualified Entity to result from the investment of moneys held by the Qualified Entity that constitute gross proceeds of the Original Qualified Obligations or the Amended Qualified Obligations. The Qualified Entity agrees to provide documentation to the Bond Bank relative to the computation of the rebate and payment of such rebate when required.

Section 5. Simultaneously with the delivery to the Bond Bank of the Amended Qualified Obligations, which shall be substantially in the form set forth in the Ordinance and registered in the name of the Bond Bank, the Qualified Entity shall furnish to the Bond Bank: (a) a transcript of the proceedings related to the Amended Qualified Obligations; and (b) the approving opinion of Faegre Baker Daniels LLP, bond counsel to the Qualified Entity, in form satisfactory to the Bond Bank, which shall set forth, among other things, that (i) the Qualified Entity is duly organized and validly existing under the laws of the State with the right and power to execute and deliver and to perform its obligations under the Purchase Agreement and its Amended Qualified Obligations; (ii) the Purchase Agreement and the Amended Qualified Obligations, together with the performance by the Qualified Entity of its respective obligations thereunder, have been duly authorized, executed and delivered by the Qualified Entity and, assuming the due authorization, execution and delivery thereof by the other parties thereto, each constitutes the legal, valid and binding agreement of the Qualified Entity, enforceable in accordance with its respective terms; and (iii) the interest on the Amended Qualified Obligations is excludable from gross income for federal income tax purposes under Section 103 of the Code (under existing law); subject to such enforcement limitations customarily contained in such opinions. The Bond Bank shall arrange for and bear the cost of such opinion from the Qualified Entity's bond counsel.

<u>Section 6.</u> The Qualified Entity and the Bond Bank agree that the Amended Qualified Obligations and the payments to be made thereon may be pledged or assigned by the Bond Bank to the Trustee under and pursuant to the Bond Bank Indenture.

<u>Section 7.</u> (a) The Qualified Entity agrees to furnish to the Bond Bank, as long as any of the Amended Qualified Obligations remain outstanding, annual financial reports, audit reports and such other financial information as is reasonably requested by the Bond Bank, including information which evidences their compliance with certain covenants which they have made regarding various actions and conditions necessary to preserve the tax-exempt status of interest paid on the Amended Qualified Obligations.

(b) The Qualified Entity certifies and agrees that it will monitor: (i) the yield on the investment of proceeds of the Amended Qualified Obligations (including compliance with any yield restrictions or temporary periods); (ii) the timely expenditure of the proceeds of the Amended Qualified Obligations; (iii) the proper use of the proceeds of the Amended Qualified Obligations and any facilities financed or refinanced thereby; and (iv) the investment, expenditure and use of proceeds of the Amended Qualified Obligations to ensure timely identification of any violations of federal tax requirements and timely correction of any identified violations through remedial actions described in Section 1.141-12 of the Regulations or through the Tax Exempt Bonds Voluntary Closing Agreement Program described in Notice 2008-31.

(c) The Qualified Entity certifies and agrees that it will, on or before each anniversary of the date of the execution and delivery of the Amended Qualified Obligations, determine: (i) whether the Qualified Entity has paid all amounts required to be rebated to the United States under Section 148(f) of the Code and Section 1.148-3 of the Regulations; and (ii) whether the Qualified Entity has made all yield reduction payments required to be made to the United States under Section 1.148-5(c) of the Regulations.

(d) The Qualified Entity certifies and agrees that it will, on or before each anniversary of the date of the execution and delivery of the Amended Qualified Obligations, provide a report to the Bond Bank as to: (i) whether the Qualified Entity has paid all amounts required to be rebated to the United States under Section 148(f) of the Code and Section 1.148-3 of the Regulations; (ii) whether the Qualified Entity has made all yield reduction payments required to be made to the United States under Section 1.148-5(c) of the Regulations; and (iii) whether the Qualified Entity has identified any violations of federal tax requirements with respect to the expenditure and use of proceeds of the Qualified Obligations and timely corrected any identified violations through remedial actions described in Section 1.141-12 of the Regulations or through the Tax Exempt Bonds Voluntary Closing Agreement Program described in Notice 2008-31.

(e) The Qualified Entity certifies and agrees that it will monitor the use of the proceeds of such Amended Qualified Obligations, and any facilities financed or refinanced thereby, to ensure that not more than five percent (5%) of the proceeds of the Amended Qualified Obligations, or any facilities financed or refinanced thereby, are: (i) owned by any nongovernmental person; (ii) leased to any nongovernmental person; (iii) subject to any management, service or incentive payment contract with any nongovernmental person, under which such nongovernmental person provides services involving all, any portion or any function of such facilities, unless such contract satisfies the conditions under which it would not result in private business use set forth in Revenue Procedure 97-13 (1997-1 C.B. 623), as amended from time to time; (iv) subject to any agreement by any nongovernmental person to sponsor research, unless such agreement satisfies the conditions under which it would not result in private business use set forth in Revenue Procedure 2007-47 (2007-29 I.R.B. 108), as amended from time to time; or (v) subject to any other arrangement that conveys special legal entitlements for beneficial use thereof that are comparable to special legal entitlements described in subsection (i), (ii), (iii) or (iv) of this paragraph.

Section 8. If the Bond Bank determines to sell all or part of the Amended Qualified Obligations, it agrees to pay or reimburse the Qualified Entity for all costs associated therewith including the printing of bonds, obtaining ratings therefor and providing services of a registrar and paying agent therefor.

Section 9. If any provision of this Purchase Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such provision shall not affect any of the remaining provisions of this Purchase Agreement, and this Purchase Agreement shall be construed and be in force as if such invalid or unenforceable provision had not been contained herein.

Section 10. The parties to this Agreement acknowledge that the Qualified Entity's obligation to modify the Call Rights and execute and deliver the Amended Qualified Obligations, and the Bond Bank's obligation to accept the Amended Qualified Obligations and to cancel and return all of the Original Qualified Obligations outstanding as of the date hereof, is expressly contingent upon the authorization and undertaking of the Refunding Program. In the event the Bond Bank determines not to authorize or undertake its Refunding Program, the provisions of this Purchase Agreement shall terminate upon notice by the Bond Bank to the Qualified Entity of such determination.

Section 11. In the event the Qualified Entity fails to modify the Call Rights and to execute and deliver all of the Amended Qualified Obligations to the Bond Bank in accordance with Section 1 hereof for any reason within the control of the Qualified Entity, the Qualified Entity shall, on demand, pay to the Bond Bank an amount equal to all costs, expenses (including any financial advisory and attorney's fees and expenses) and consequential damages occasioned by the failure of the Qualified Entity to modify the Call Rights and to execute and deliver the Amended Qualified Obligations, all in accordance with Section 1 hereof.

Section 12. The Qualified Entity hereby acknowledges that it has been provided a copy of the official statement of the Bond Bank related to the Refunding Program, including the appendices thereto (the "Official Statement"). On or prior to the delivery date of the Amended Qualified Obligations pursuant to the Refunding Program, an authorized officer of the Qualified Entity will deliver a certificate, dated as of the delivery date of the Refunding Bonds pursuant to the Refunding Program (the "Closing Date"), to the effect that (a) any statements pertaining to the Qualified Entity, the Original Qualified Obligations or the Amended Qualified Obligations made in the Official Statement (i) as of the date of the Official Statement, did not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading, and (ii) as of the Closing Date, does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they are made, not misleading, and (b) there has been no material adverse change in the financial condition and affairs of the Qualified Entity during the period from the date of the Official Statement to the Closing Date, which was not disclosed in or contemplated by the Official Statement. The portions of the preliminary Official Statement summarizing the Qualified Entity, the Original Qualified Obligations or the Amended Qualified Obligations are deemed final by the Qualified Entity for purposes of Rule 15c2-12 of the Securities and Exchange Commission (the "SEC Rule"), as of this date.

Section 13. The Qualified Entity hereby agrees, for so long as any of the Amended Qualified Obligations are outstanding, to execute a continuing disclosure agreement in a form sufficient to allow the underwriter of the Refunding Bonds to comply with the SEC Rule upon notice from the Bond Bank that the Qualified Entity constitutes an "obligated person," as defined in the SEC Rule.

Section 14. This Purchase Agreement may be executed in one or more counterparts, any of which shall be regarded for all purposes as an original and all of which constitute but one and the same instrument. The Bond Bank and the Qualified Entity each agree that they will execute any and all documents or other instruments and take such other actions as may be necessary to give effect to the terms of this Purchase Agreement.

Section 15. No waiver by the Bond Bank or the Qualified Entity of any term or condition of this Purchase Agreement shall be deemed or construed as a waiver of any other terms or conditions, nor shall a waiver of any breach be deemed to constitute a waiver of any subsequent breach, whether of the same or of a different section, subsection, paragraph, clause, phrase or other provision of this Purchase Agreement.

Section 16. In the event the Qualified Entity or any entity on behalf of the Qualified Entity adopts an ordinance or resolution to refund all or any portion of the Amended Qualified Obligations, the Qualified Entity shall, within five (5) days of the adoption of the ordinance or resolution, provide notice to the Bond Bank of the refunding; provided, however, the Qualified Entity agrees not to issue any obligations or allow any obligations to refund all or any portion of the Amended Qualified Obligations unless the Qualified Entity provides the Bond Bank with the information necessary for the Bond Bank to prepare a Cash Flow Certificate (as defined in the Bond Bank Indenture) which shows that such refunding will not adversely affect the Bond Bank's ability to pay debt service on the Refunding Bonds.

Section 17. This Purchase Agreement merges and supersedes all prior negotiations, representations and agreements between the Bond Bank and the Qualified Entity relating to the subject matter hereof and, together with the Ordinance and the Amended Qualified Obligations, constitutes the entire agreement between the Bond Bank and the Qualified Entity with respect hereto.

IN WITNESS WHEREOF, we have hereunto set our hands as of the day and year first above written.

INDIANA BOND BANK

By: ______________________________
Richard E. Mourdock, Chairperson Ex Officio

Attest:

____
Lisa Cottingham, Executive Director

CITY OF COLUMBUS, INDIANA

By: ______________________________
Mayor

Attest:

____
Clerk-Treasurer

IN WITNESS WHEREOF, we have hereunto set our hands as of the day and year first above written.

INDIANA BOND BANK

By:________________________________
Richard E. Mourdock, Chairman Ex Officio

Attest:

____
Lisa Cottingham, Executive Director

CITY OF COLUMBUS, INDIANA

By:________________________________
Kristen Brown, Mayor

Attest:

Luann Welmer

____
Luann Welmer, Clerk-Treasurer

EXHIBIT A

SCHEDULE OF CALL RIGHTS MODIFICATION CREDITS

	Debt Service Due on Original Qualified Obligation				Debt Service Due on Amended Qualified Obligation		
Payment Date	Principal	Interest	Total	Less Call Rights Modification Credit	Principal	Interest	Total*
1/15/2013	$ 690,000	$ 575,425	$ 1,265,425	$ (84,335.83)	$ 658,380.51	$ 522,708.67	$1,181,089.17
7/15/2013	700,000	561,625	1,261,625	(118,012.50)	634,071.45	509,541.06	1,143,612.50
1/15/2014	715,000	547,625	1,262,625	(116,412.50)	649,352.88	496,859.63	1,146,212.50
7/15/2014	735,000	529,750	1,264,750	(119,162.50)	664,961.70	480,625.81	1,145,587.50
1/15/2015	755,000	511,375	1,266,375	(118,337.50)	684,035.74	464,001.76	1,148,037.50
7/15/2015	770,000	492,500	1,262,500	(115,199.99)	700,399.14	446,900.87	1,147,300.01
1/15/2016	790,000	473,250	1,263,250	(117,500.00)	716,359.11	429,390.89	1,145,750.00
7/15/2016	810,000	453,500	1,263,500	(118,600.00)	733,418.09	411,481.91	1,144,900.00
1/15/2017	830,000	433,250	1,263,250	(115,125.00)	754,978.54	393,146.46	1,148,125.00
7/15/2017	850,000	412,500	1,262,500	(117,375.00)	770,853.01	374,272.00	1,145,125.00
1/15/2018	875,000	391,250	1,266,250	(117,225.00)	794,024.33	355,000.67	1,149,025.00
7/15/2018	895,000	369,375	1,264,375	(118,600.00)	810,624.94	335,150.06	1,145,775.00
1/15/2019	915,000	347,000	1,262,000	(117,825.00)	829,290.56	314,884.44	1,144,175.00
7/15/2019	940,000	324,125	1,264,125	(118,400.00)	851,572.83	294,152.18	1,145,725.00
1/15/2020	965,000	300,625	1,265,625	(117,000.00)	875,762.15	272,862.86	1,148,625.00
7/15/2020	985,000	276,500	1,261,500	(114,750.00)	895,781.20	250,968.80	1,146,750.00
1/15/2021	1,010,000	251,875	1,261,875	(117,500.00)	915,800.73	228,574.27	1,144,375.00
7/15/2021	1,035,000	226,625	1,261,625	(115,125.00)	940,820.75	205,679.25	1,146,500.00
1/15/2022	1,065,000	200,750	1,265,750	(117,750.00)	965,841.27	182,158.74	1,148,000.00
7/15/2022	1,090,000	174,125	1,264,125	(115,250.00)	990,862.30	158,012.70	1,148,875.00
1/15/2023	1,115,000	146,875	1,261,875	(117,750.00)	1,010,883.86	133,241.15	1,144,125.00
7/15/2023	1,145,000	119,000	1,264,000	(115,125.00)	1,040,905.96	107,969.05	1,148,875.00
1/15/2024	1,175,000	90,375	1,265,375	(117,500.00)	1,065,928.60	81,946.40	1,147,875.00
7/15/2024	1,205,000	61,000	1,266,000	(119,750.00)	1,090,951.82	55,298.19	1,146,250.00
1/15/2025	1,235,000	30,875	1,265,875	(116,875.00)	1,120,975.61	28,024.39	1,149,000.00
Totals*:	$ 23,295,000	$ 8,301,175	$31,596,175.00	$(2,896,485.82)	$21,166,837.08	$7,532,852.21	$28,699,689.18

* Totals may not add due to rounding.

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INDIANA BOND BANK • Special Program Refunding Bonds, Series 2012 C (Columbus Learning Center Project)

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