In the opinion of Barnes & Thornburg LLP, Indianapolis, Indiana (“Bond Counsel”), under existing laws, interest on the Series 2007 D 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 2007 D Bonds. In the opinion of Bond Counsel under existing laws, interest on the Series 2007 D Bonds is exempt from income taxation in the State of Indiana for all purposes except the State financial institutions tax. See “TAX MATTERS” and APPENDIX B “FORM OF APPROVING BOND COUNSEL OPINION” herein.

$69,065,000

THE INDIANAPOLIS LOCAL PUBLIC IMPROVEMENT BOND BANK
REFUNDING BONDS, SERIES 2007 D

Dated: Date of Delivery

The Indianapolis Local Public Improvement Bond Bank Refunding Bonds, Series 2007 D (the “Series 2007 D Bonds”) will be dated the date of delivery thereof, and will bear interest from that date to their respective maturities in the amounts and at the rates set forth below. The Series 2007 D 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 the Series 2007 D Bonds will be made in book-entry-only form, in the denomination of $5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their beneficial ownership interests in the Series 2007 D Bonds. Interest on the Series 2007 D Bonds is payable on August 1 and February 1 of each year, commencing February 1, 2008. Interest, together with the principal and redemption premium, if any, of the Series 2007 D Bonds will be paid directly to DTC by The Bank of New York Trust Company, N.A., Indianapolis, Indiana, as trustee (the “Trustee”) under the Indenture, as defined and described herein, so long as DTC or its nominee is the registered owner of the Series 2007 D Bonds. See “THE SERIES 2007 D BONDS” herein.

The proceeds of the Series 2007 D Bonds will be used by The Indianapolis Local Public Improvement Bond Bank (the “Bond Bank”): (i) to purchase certain refunding obligations of the Qualified Entities (as defined herein); and (ii) to pay the cost of issuance of the Series 2007 D Bonds and related expenses for the principal purpose of effecting a refunding of certain of the Bond Bank’s outstanding obligations, as more fully described in this Official Statement.

The Series 2007 D Bonds are not subject to optional, extraordinary or mandatory sinking fund redemption prior to maturity.

The Series 2007 D 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 defined and more fully described herein). The Series 2007 D Bonds do not constitute a debt, liability or loan of the credit of the State of Indiana or any political subdivision thereof, including the City of Indianapolis, Indiana (the “City”) or any Qualified Entity, under the constitution and laws of the State of Indiana or a pledge of the faith, credit and taxing power of the State of Indiana or any political subdivision thereof, including the City or any Qualified Entity. The source of payment of, and security for, the Series 2007 D Bonds are more fully described herein. The Bond Bank has no taxing power.

MATURITY SCHEDULE

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<td>February 1, 2014</td>
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<td>February 1, 2018</td>
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<td>5.000%</td>
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This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement, including the appendices, to obtain information essential to making an informed investment decision.

The Series 2007 D Bonds are offered when, as and if issued by the Bond Bank and accepted by the Underwriters and subject to prior sale, withdrawal or modification of the offer without notice, and to the approval of legality by Barnes & Thornburg LLP, Indianapolis, Indiana, Bond Counsel. Certain legal matters will be passed on for the Bond Bank, the City, and the Qualified Entities by Corporation Counsel for the City of Indianapolis, and for the Underwriters by their counsel, Baker & Daniels LLP, Indianapolis, Indiana. Sycamore Advisors, LLC, has acted as the financial advisor to the Bond Bank and the Qualified Entities. It is expected that the Series 2007 D Bonds will be available for delivery to DTC in New York, New York, via its FAST System, on or about November 8, 2007.

MORGAN STANLEY

Loop Capital Markets, LLC

September 7, 2007
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 2007 D 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 2007 D Bonds by any person, in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The information set forth herein has been obtained from sources which the Bond Bank believes to be reliable. No guarantee is made by the Bond Bank, however, regarding the accuracy of information provided from sources other than the Bond Bank and the Qualified Entities. 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 Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities under the federal securities laws as applied to the facts and circumstances of this transaction, 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.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2007 D BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZATION, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.


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The purpose of this Official Statement, including the front cover page and appendices, is to set forth certain information concerning the issuance and sale by The Indianapolis Local Public Improvement Bond Bank (the "Bond Bank") of its $69,065,000 aggregate principal amount of Refunding Bonds, Series 2007 D (the "Series 2007 D Bonds") to be issued by the Bond Bank. The Series 2007 D Bonds are authorized by a resolution adopted by the Board of Directors of the Bond Bank on March 19, 2007, and are issued pursuant to the provisions of a Trust Indenture between the Bond Bank and the Trustee (as defined herein), dated as of November 1, 2007 (the "Indenture"), and the laws of the State of Indiana, including particularly Indiana Code 5-1.4, as amended from time to time (the "Act"). The Bank of New York Trust Company, N.A., Indianapolis, Indiana, is the Trustee, Registrar and Paying Agent (the "Trustee," "Registrar" or "Paying Agent") under the Indenture.

The Series 2007 D Bonds are being sold to the Underwriters pursuant to a Bond Purchase Agreement dated September 7, 2007 (the "Bond Purchase Agreement"), by and between the Bond Bank and the Underwriters. Pursuant to the Bond Purchase Agreement, the Underwriters may at any time resell all or part of the Series 2007 D Bonds at such prices, and in such a manner and upon such terms as it shall determine in its sole discretion. The Series 2007 D Bonds are being offered, subject to certain conditions, when, as and if issued by the Bond Bank and accepted by the Underwriters or a permitted assignee of the Underwriters. The date of issuance and delivery of the Series 2007 D Bonds is currently expected to be on or about November 8, 2007 (the "Closing Date").

The Program

The proceeds from the sale of the Series 2007 D Bonds, together with funds held under the trust indenture securing the Prior Bonds (as defined herein) will be used to provide funds to (i) purchase the Qualified Obligations (as defined herein) of the Qualified Entities (as defined herein); and (ii) pay the cost of issuance of the Series 2007 D Bonds at such prices, and in such a manner and upon such terms as it shall determine in its sole discretion. The proceeds of the Qualified Obligations will be used to refund outstanding obligations of the Qualified Entities, creating savings to be used to fund capital projects of the Qualified Entities and to pay costs of issuance of the Qualified Obligations. The amounts received by the Bond Bank in connection with the refunding of the outstanding obligations of the Qualified Entities will be used to effect a refunding of a portion of the Bond Bank’s outstanding Refunding Bonds, Series 1998A maturing on February 1, 2014 through and including February 1, 2018 (the "Prior Bonds"), which were issued and are outstanding under a Trust Indenture, dated as of February 15, 1998 (the "1998A Indenture"). See the caption "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2007 D BONDS" and APPENDIX A "THE QUALIFIED ENTITIES AND THE QUALIFIED OBLIGATIONS" for a discussion of the Qualified Entities and the Qualified Obligations.

Security and Sources of Payment for the Series 2007 D Bonds

The Series 2007 D Bonds will be issued under and secured by the Indenture. The principal of and interest on any and all of the Series 2007 D Bonds, together with any refunding bonds that may be authorized and issued by the Bond Bank under the Indenture on a parity with the Series 2007 D Bonds (collectively, the "Bonds"), are payable from those revenues and funds of the Bond Bank which, together with the Qualified Obligations, are pledged pursuant to the Indenture for the benefit of the owners of the Bonds without priority. Neither the faith,
credit nor taxing power of the State of Indiana (the "State") or any political subdivision thereof, including the City, the County of Marion, Indiana (the "County"), and each Qualified Entity, are pledged to the payment of the principal of, premium, if any, and interest on any of the Bonds. The Bonds 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 City, the County and each Qualified Entity. The Bond Bank has no taxing power and has only those powers and sources of revenue set forth in the Act. The Bond Bank will not maintain a debt service reserve fund for the Bonds and the provisions of Indiana Code 5-1.4-5 do not apply to the Bonds. The Bonds are issued and secured separately from any other obligations issued by the Bond Bank.

The Bonds are secured by the pledge of the Trust Estate established under the Indenture (the "Trust Estate"), defined to be all cash and securities in the funds and accounts established by the Indenture (except the Rebate Fund and accounts therein, as described herein) (hereinafter the "Funds" and "Accounts") and the investment earnings thereon and all proceeds thereof and the Qualified Obligations and the earnings thereon and the proceeds thereof. All Bonds will be secured equally and ratably by all of the foregoing. The sources of payment for the Bonds are further described under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2007 D BONDS."

The payment of principal and interest on the Qualified Obligations is derived by each of the Qualified Entities from special ad valorem property taxes required by law to be levied by or on behalf of the respective Qualified Entity. Each of the Qualified Obligations has been issued pursuant to a separate detailed resolution of the governing body of the respective Qualified Entity (each, a "Qualified Entity Resolution" and collectively, the "Qualified Entity Resolutions") and a resolution adopted by the City-County Council of the City and the County (the "Council Resolution") (the applicable Qualified Entity Resolution and the Council Resolution, together, the "Authorizing Instrument" and collectively, the "Authorizing Instruments"). The sources of payment on the Qualified Obligations are further described under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2007 D BONDS" and in APPENDIX A "THE QUALIFIED ENTITIES AND THE QUALIFIED OBLIGATIONS" hereto.

**The Series 2007 D Bonds**

Interest on the Series 2007 D Bonds will accrue over time at the rates per annum set forth on the cover hereof and will be payable on February 1, 2008, and semiannually on each February 1 and August 1 thereafter. The Series 2007 D Bonds will be issued in fully registered form in the denomination of $5,000 or any integral multiple thereof. See "THE SERIES 2007 D BONDS."

The Series 2007 D Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). Purchases of the Series 2007 D Bonds will be made in book-entry-only form. Purchasers of the Series 2007 D Bonds (the "Beneficial Owners") will not receive certificates representing their beneficial ownership interest in the Series 2007 D Bonds. Interest on the Series 2007 D Bonds, together with principal of the Series 2007 D Bonds, will be paid by the Paying Agent directly to DTC, so long as DTC or its nominee is the registered owner of the Series 2007 D Bonds. See APPENDIX D "BOOK-ENTRY-ONLY SYSTEM."

The Series 2007 D Bonds are not subject to optional, extraordinary or mandatory sinking fund redemption prior to maturity.

**The Bond Bank and the Act**

The Bond Bank is a body corporate and politic, separate from the City for the public purposes set forth in the Act. The Bond Bank has no taxing power. The Bond Bank is governed by a board of five directors, each appointed by the Mayor of the City.

Pursuant to the Act, the purpose of the Bond Bank is to buy and sell securities of a "qualified entity," as defined in the Act. Each of the Qualified Entities is a "qualified entity" as defined in the Act.
The Official Statement; Additional Information

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

The information contained in this Introduction is qualified by reference to this entire Official Statement (including the appendices). This Introduction is only a brief description and a full review should be made of this entire Official Statement (including the appendices), 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 C "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE."

The 2005 audited financial statements of the City, together with the report of KPMG, and statistical tables of the 2005 Comprehensive Annual Financial Report of the City ("CAFR") are filed with and available from a Nationally Recognized Municipal Securities Information Depository ("NRMSIR"). See "AVAILABILITY OF DOCUMENTS AND FINANCIAL INFORMATION" herein. The Bond Bank expects that the City will file its 2006 CAFR (as defined herein) on or before October 31, 2007, and at such time as the 2006 CAFR is filed, the Bond Bank will file a supplement to this Official Statement. See "CONTINUING DISCLOSURE" herein.

Information contained in this Official Statement with respect to the Bond Bank and the Qualified Entities and copies of the Indenture and the Authorizing Instruments may be obtained from The Indianapolis Local Public Improvement Bond Bank, 200 East Washington Street, Room 2342, City-County Building, Indianapolis, Indiana 46204. The Bond Bank's telephone number is (317) 327-4220.

PLAN OF REFUNDING

Prior Bonds

The Bond Bank has previously issued the Prior Bonds to advance refund a portion of the Bond Bank's Bonds, Series 1993A, the proceeds of which were used to acquire qualified obligations from the Qualified Entities (the "1993 Qualified Obligations"). See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2007 D BONDS – The Qualified Entities and the Qualified Obligations." The Series 2007 D Bonds are being issued, together with funds held under the 1998A Indenture, to (i) purchase the Qualified Obligations, which constitute certain refunding obligations of the Qualified Entities; and (ii) pay the cost of issuance of the Series 2007 D Bonds and related expenses. The Qualified Entities will use the proceeds from the sale of the Qualified Obligations to refund a portion of the 1993 Qualified Obligations maturing on January 1, 2014, through and including January 1, 2018 (the "Refunded 1993 Qualified Obligations"), thereby generating savings to be used to fund capital projects of each Qualified Entity and to pay costs of issuance of the Qualified Obligations. Amounts received by the Bond Bank through the refunding of such Refunded 1993 Qualified Obligations will be used by the Bond Bank to effect a current refunding of the Prior Bonds.

Provision for Payment of Certain of the Prior Bonds

The funds received by the Bond Bank from the Qualified Entities in connection with the redemption of the Refunded 1993 Qualified Obligations will be used to purchase certain non-callable U.S. Government obligations (the "Escrowed Securities") to be held in escrow under the Escrow Agreement dated as of November 1, 2007 (the "Escrow Agreement") by and among the Bond Bank and The Bank of New York Trust Company, N.A., as escrow agent and the trustee for the Prior Bonds, to provide funds for the payment when due of the principal of and interest on a portion of the Prior Bonds on February 1, 2008, the first date on which such Prior Bonds may be redeemed at the option of the Bond Bank.
THE SERIES 2007 D BONDS

General Description

The Series 2007 D Bonds are issuable as fully registered bonds in denomination of $5,000 or any integral multiple thereof. When issued, all Series 2007 D Bonds will be registered in the name of and held by Cede & Co., as nominee for DTC. Purchases of beneficial interests from DTC in the Series 2007 D 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 2007 D Bonds, payments of the principal of and interest on the Series 2007 D 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 2007 D Bonds will be the responsibility of the Direct Participants and the Indirect Participants, as defined herein. See APPENDIX D "BOOK-ENTRY-ONLY SYSTEM."

The Series 2007 D Bonds will be dated the date of delivery thereof. Interest on the Series 2007 D Bonds will be payable on August 1 and February 1 of each year, commencing February 1, 2008 (each an "Interest Payment Date"). The Series 2007 D Bonds will bear interest (calculated on the basis of twelve 30-day months for a 360-day year) at the rates and will mature on the dates and in the principal amounts set forth on the front cover page of this Official Statement. Each Series 2007 D Bond will bear interest from the Interest Payment Date next preceding the date on which it is authenticated unless it is (a) authenticated after the fifteenth day of the calendar month immediately preceding an Interest Payment Date (a "Record Date") and on or before the following Interest Payment Date, in which event it will bear interest from such Interest Payment Date, or (b) authenticated prior to the closing of business on the Record Date preceding the first Interest Payment Date, in which event it will bear interest from the Closing Date.

If DTC or its nominee is not the registered owner of the Series 2007 D Bonds, principal of and premium, if any, on all of the Series 2007 D Bonds will be payable at maturity upon the surrender thereof at the principal corporate trust office of the Paying Agent. Interest on the Series 2007 D Bonds, when due and payable, will be paid by check dated the due date mailed by the Paying Agent on or before the due date (or, in the case of an owner of Series 2007 D 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 persons in whose names such Series 2007 D Bonds are registered, at their addresses as they appear on the bond registration books maintained by the Registrar on the Record Date, irrespective of any transfer or exchange of such Series 2007 D Bonds subsequent to such Record Date and prior to such Interest Payment Date.

Except as provided in APPENDIX D "BOOK-ENTRY-ONLY SYSTEM," in all cases in which the privilege of exchanging or transferring Series 2007 D Bonds is exercised, the Bond Bank will execute and the Registrar will deliver Series 2007 D Bonds in accordance with the provisions of the Indenture. The Series 2007 D Bonds will be exchanged or transferred at the designated corporate trust office of the Registrar only for Series 2007 D Bonds of the same tenor and maturity. In connection with any transfer or exchange of Series 2007 D 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 2007 D Bond is registered will be deemed and regarded as its absolute owner for all purposes and payment of principal 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 2007 D Bond to the extent of the sum or sums so paid.

Redemption

The Series 2007 D Bonds are not subject to optional, extraordinary or mandatory sinking fund redemption prior to maturity thereof.
SECURITY AND SOURCES OF PAYMENT
FOR THE SERIES 2007 D BONDS

The Bonds, including the Series 2007 D Bonds, are payable only out of the Trust Estate. The Indenture creates a continuing pledge of and lien upon the Trust Estate to secure the full and final payment of the principal of, premium, if any, and interest on all of the Bonds.

The Series 2007 D Bonds do not constitute a debt, liability or loan of the credit of the State or any political subdivision thereof, including the City, the County or any Qualified Entity, under the constitution of the State or a pledge of the faith, credit or taxing power of the State or any political subdivision thereof, including the City, the County or any Qualified Entity. The Bond Bank has no taxing power.

Under the Indenture, the Bonds are secured by a pledge to the Trustee of the Qualified Obligations and all principal and interest payments made or required to be made on the Qualified Obligations (the "Qualified Obligation Payments"), as described herein. 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 Series 2007 D Bonds under the Indenture and such Qualified Obligations and the Qualified Obligation Payments (as defined herein) 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 Qualified Entities and the Qualified Obligations

The Bond Bank issued its Prior Bonds to, among other things, advance refund a portion of Bond Bank’s Bonds, Series 1993A, the proceeds of which were used to acquire the 1993 Qualified Obligations from the Qualified Entities. The Qualified Entities intend to use the proceeds from issuing the Qualified Obligations to current refund all of the Refunded 1993 Qualified Obligations. See APPENDIX A "THE QUALIFIED ENTITIES AND THE QUALIFIED OBLIGATIONS" for a discussion of the Qualified Entities and the Qualified Obligations. The payments made by the Qualified Entities on their respective Qualified Obligations (collectively, the "Qualified Obligation Payments") have been structured to be sufficient to pay the principal of and interest on the Series 2007 D Bonds when due. The Qualified Obligation Payments of the Qualified Entities will be derived by each Qualified Entity from special ad valorem property taxes required by law to be levied by or on behalf of each Qualified Entity all as further described and conditioned below see "– Provisions for Payment of the Qualified Obligations" herein. See also "Procedures for Property Assessment, Tax Levy and Collection" and "Assessed Valuations of the Qualified Entities and the City" in APPENDIX A "THE QUALIFIED ENTITIES AND THE QUALIFIED OBLIGATIONS."

Flood Control District. The Board of Public Works of the City (the "Board of Public Works") is the governing body of the Flood Control District, which is a special taxing district established and existing pursuant to Indiana Code 36-9-29.1, as amended, and which has responsibility for constructing and maintaining flood control and drainage projects within its boundaries, which are coterminous with the boundaries of Marion County (the "County"). A portion of the proceeds of the Series 2007 D Bonds will be used to purchase the City of Indianapolis, Indiana, Flood Control District Refunding Bonds of 2007, Series A (the "2007A Flood Control District Bonds"). The 2007A Flood Control District Bonds are being issued to current refund all of the City of Indianapolis, Indiana, Flood Control District Bonds of 1993, Series A maturing on January 1, 2014, through and including January 1, 2018 (the "Refunded 1993 Flood Control District Bonds"), to fund certain capital projects of the Flood Control District (generated from the savings resulting from the refunding) and to pay costs of issuance of the 2007A Flood Control District Bonds and the 2007B Flood Control District Bonds (as defined herein).

As part of the current refunding of the Refunded 1993 Flood Control District Bonds, the City, on behalf of the Flood Control District, is issuing simultaneously the City of Indianapolis, Indiana, Flood Control District Bonds of 2007, Series B (the "2007B Flood Control District Bonds"). The 2007B Flood Control District Bonds will be provided to the trustee for the Prior Bonds, together with the proceeds from the redemption of the Refunded 1993
Flood Control District Bonds, in exchange for the release of the Refunded 1993 Flood Control District Bonds. However, the 2007B Flood Control District Bonds will not be a part of the Trust Estate securing the Series 2007 D Bonds, but will be a part of the trust estate securing bonds issued and still outstanding under the 1998A Indenture.

**Thoroughfare District.** The Board of Public Works, acting as the Board of Transportation of the City (the "Board of Transportation"), is the governing body of the Thoroughfare District, which is a special taxing district established and existing pursuant to Indiana Code 36-9-6.5, as amended, and which has responsibility for programming, planning, designing, constructing, reconstructing and operating all thoroughfares (other than certain federal, state and interstate routes) within its boundaries, which are coterminous with the boundaries of the County. A portion of the proceeds of the Series 2007 D Bonds will be used to purchase the City of Indianapolis, Indiana, Metropolitan Thoroughfare District Refunding Bonds of 2007, Series A (the "2007A Thoroughfare District Bonds"). The 2007A Thoroughfare District Bonds are being issued to current refund all of the City of Indianapolis, Indiana, Metropolitan Thoroughfare District Bonds of 1993, Series A maturing on January 1, 2014, through and including January 1, 2018 (the "Refunded 1993 Thoroughfare District Bonds"), to fund capital projects of the Thoroughfare District (generated from the savings resulting from the refunding) and to pay costs of issuance of the 2007A Thoroughfare District Bonds and the 2007B Thoroughfare District Bonds (as defined herein).

As part of the current refunding of the Refunded 1993 Thoroughfare District Bonds, the City, on behalf of the Thoroughfare District, is issuing simultaneously the City of Indianapolis, Indiana, Thoroughfare District Bonds of 2007, Series B (the "2007B Thoroughfare District Bonds"). The 2007B Thoroughfare District Bonds will be provided to the trustee for the Prior Bonds, together with the proceeds from the redemption of the Refunded 1993 Thoroughfare District Bonds, in exchange for the release of the Refunded 1993 Thoroughfare District Bonds. However, the 2007B Thoroughfare District Bonds will not be a part of the Trust Estate securing the Series 2007 D Bonds, but will be a part of the trust estate securing bonds issued and still outstanding under the 1998A Indenture.

**Park District.** The Board of Parks and Recreation of the City (the "Parks Board") is the governing body of the Park District operating pursuant to Indiana Code 36-10-3, as amended, and which has responsibility for developing, maintaining and operating parks and recreational facilities within its boundaries, which are coterminous within the boundaries of the County. A portion of the proceeds of the Series 2007 D Bonds will be used to purchase the City of Indianapolis, Indiana, Park District Refunding Bonds of 2007, Series A (the "2007A Park District Bonds"). The 2007A Park District Bonds are being issued to current refund all or a portion of the City of Indianapolis, Indiana, Park District Bonds of 1993, Series A maturing on January 1, 2014, through and including January 1, 2018 (the "Refunded 1993 Park District Bonds"), to fund capital projects of the Park District (generated from the savings resulting from the refunding) and to pay costs of issuance of the 2007A Park District Bonds and the 2007B Park District Bonds (as defined herein).

As part of the current refunding of the Refunded 1993 Park District Bonds, the City, on behalf of the Park District, is issuing simultaneously the City of Indianapolis, Indiana, Park District Bonds of 2007, Series B (the "2007B Park District Bonds"). The 2007B Park District Bonds will be provided to the trustee for the Prior Bonds, together with the proceeds from the redemption of the Refunded 1993 Park District Bonds, in exchange for the release of the Refunded 1993 Park District Bonds. However, the 2007B Park District Bonds will not be a part of the Trust Estate securing the Series 2007 D Bonds, but will be a part of the trust estate securing bonds issued and still outstanding under the 1998A Indenture.

**Sanitary District.** The Board of Public Works is the governing body of the Sanitary District of the City (the "Sanitary District") established and existing pursuant to Indiana Code 36-9-25, as amended, and which has responsibility for managing and controlling all sewage works within its boundaries, which are coterminous with the boundaries of the County, but excluding the municipalities of Beech Grove, Lawrence, Southport and Speedway and the Ben Davis Conservancy District. A portion of the proceeds of the Series 2007 D Bonds will be used to purchase the City of Indianapolis, Indiana, Sanitary District Refunding Bonds of 2007, Series C (the "2007C Sanitary District Bonds"). The 2007C Sanitary District Bonds are being issued to current refund all or a portion of the City of Indianapolis, Indiana, Sanitary District Bonds of 1993, Series A maturing on January 1, 2014, through and including January 1, 2018 (the "Refunded 1993 Sanitary District Bonds"), to fund capital projects of the Sanitary District (generated from the savings resulting from the refunding) and to pay costs of issuance of the 2007C Sanitary District Bonds and the 2007D Sanitary District Bonds (as defined herein).
As part of the current refunding of the Refunded 1993 Sanitary District Bonds, the City, on behalf of the Sanitary District, is issuing simultaneously the City of Indianapolis, Indiana, Sanitary District Bonds of 2007, Series D (the "2007D Sanitary District Bonds"). The 2007D Sanitary District Bonds will be provided to the trustee for the Prior Bonds, together with the proceeds from the redemption of the Refunded 1993 Sanitary District Bonds, in exchange for the release of the Refunded 1993 Sanitary District Bonds. However, the 2007D Sanitary District Bonds will not be a part of the Trust Estate securing the Series 2007 D Bonds, but will be a part of the trust estate securing bonds issued and still outstanding under the 1998A Indenture.

Provisions for Payment of the Qualified Obligations

Qualified Obligations of the Flood Control District. The 2007A Flood Control District Bonds have been authorized by the Board of Public Works and the City-County Council by their respective Authorizing Instruments and will be sold to the Bond Bank. The 2007A Flood Control District Bonds are special obligations of the Flood Control District, payable out of a special bond fund created by revenues from a special ad valorem property tax to be levied annually upon all property within the Flood Control District. Under Indiana law, the City, acting through its Board of Public Works, is required to levy, each year, a special tax, upon all of the property within the Flood Control District, necessary to meet and pay the principal of the 2007A Flood Control District Bonds as such mature, together with all accrued interest thereon. See APPENDIX A "THE QUALIFIED ENTITIES AND THE QUALIFIED OBLIGATIONS – Procedures for Property Assessment, Tax Levy and Collection." The Board of Public Works also may cause other legally available revenues to be used to pay the principal of and interest on the 2007A Flood Control District Bonds, and may take the availability of such other revenues into account in determining the amount of special tax, if any, required to be levied and collected for the purpose of paying principal of and interest on the 2007A Flood Control District Bonds. Historically, the Flood Control District has used other available revenues to pay all or a portion of the principal of and interest on the Refunded 1993 Flood Control District Bonds.

Qualified Obligations of the Thoroughfare District. The 2007A Thoroughfare District Bonds have been authorized by the Board of Transportation and the City-County Council by their respective Authorizing Instruments and will be sold to the Bond Bank. The 2007A Thoroughfare District Bonds are special obligations of the Thoroughfare District, payable out of a special bond fund created by revenues from a special ad valorem property tax to be levied annually upon all property within the Thoroughfare District. Under Indiana law, the City, acting through its Board of Public Works, is required to levy, each year, a special tax, upon all of the property within the Thoroughfare District, necessary to meet and pay the principal of the 2007A Thoroughfare District Bonds as such mature, together with all accrued interest thereon. See APPENDIX A "THE QUALIFIED ENTITIES AND THE QUALIFIED OBLIGATIONS – Procedures for Property Assessment, Tax Levy and Collection." The Board of Public Works also may cause other legally available revenues to be used to pay the principal of and interest on the 2007A Thoroughfare District Bonds, and may take the availability of such other revenues into account in determining the amount of special tax, if any, required to be levied and collected for the purpose of paying principal of and interest on the 2007A Thoroughfare District Bonds.

Qualified Obligations of the Park District. The 2007A Park District Bonds have been authorized by the Parks Board and the City-County Council by their respective Authorizing Instruments and will be sold to the Bond Bank. The 2007A Park District Bonds are special obligations of the Park District, payable out of a special bond fund created by revenues from a special ad valorem property tax to be levied annually upon all property within the Park District. Under Indiana law, the City, acting through its Parks Board, is required to levy, each year, a special tax, upon all of the property within the Park District, necessary to meet and pay the principal of the 2007A Park District Bonds as such mature, together with all accrued interest thereon. See APPENDIX A "THE QUALIFIED ENTITIES AND THE QUALIFIED OBLIGATIONS – Procedures for Property Assessment, Tax Levy and Collection." The Parks Board also may cause other legally available revenues to be used to pay the principal of and interest on the 2007A Park District Bonds, and may take the availability of such other revenues into account in determining the amount of special tax, if any, required to be levied and collected for the purpose of paying principal of and interest on the 2007A Park District Bonds.

Qualified Obligations of the Sanitary District. The 2007C Sanitary District Bonds have been authorized by the Board of Public Works and the City-County Council by their respective Authorizing Instruments and will be sold to the Bond Bank. The 2007C Sanitary District Bonds are special obligations of the Sanitary District, payable out of a special bond fund created by revenues from a special ad valorem property tax to be levied annually upon all
property within the Sanitary District. Under Indiana law, the City, acting through its Board of Public Works, is required to levy, each year, a special tax, upon all of the property within the Sanitary District, necessary to meet and pay the principal of the 2007C Sanitary District Bonds as such mature, together with all accrued interest thereon. See APPENDIX A "THE QUALIFIED ENTITIES AND THE QUALIFIED OBLIGATIONS – Procedures for Property Assessment, Tax Levy and Collection." The Board of Public Works also may cause other legally available revenues to be used to pay the principal of and interest on the 2007C Sanitary District Bonds, and may take the availability of such other revenues into account in determining the amount of special tax, if any, required to be levied and collected for the purpose of paying principal of and interest on the 2007C Sanitary District Bonds. Historically, the Sanitary District has used other available revenues to pay all or a portion of the principal of and interest on the Refunded 1993 Sanitary District Bonds.

**Additional Bonds**

Additional bonds of the Bond Bank may be issued on a parity with the Series 2007 D Bonds pursuant to the Indenture only for the purpose of (a) refunding (in whole or in part) Bonds issued by the Bond Bank pursuant to the Indenture or (b) purchasing additional qualified obligations of the Qualified Entities (the "Refunding Qualified Obligations") to provide for the refunding (in whole or in part) of the Qualified Obligations or another Refunding Qualified Obligation, or both.

**Enforcement of the Qualified Obligations**

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

The Bond Bank has covenanted under the Indenture to enforce or authorize the enforcement of all remedies available to owners of Qualified Obligations unless (i) the Bond Bank provides the Trustee with a Cash Flow Certificate (as defined herein) to the effect that if such remedies are not enforced, revenues, including Qualified Obligation Payments, which are to be received, together with monies expected to be held in the Funds and Accounts, will at least equal debt service on all outstanding Bonds, and (ii) the Trustee determines that failure to enforce such remedies will not adversely affect the interests of Bondholders in any material way. A "Cash Flow Certificate" is a certificate prepared by an accountant or firm of accountants in accordance with certain provisions of the Indenture concerning anticipated revenues and payments. See APPENDIX C "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE."

Further, each Qualified Entity has agreed under its purchase agreement for its Qualified Obligations to report to the Bond Bank on its compliance with the certain covenants which the Qualified Entity has made regarding various actions and conditions necessary to preserve the tax-exempt status of interest paid on the Qualified Obligations. See "TAX MATTERS." The Bond Bank has also determined to consult with the Qualified Entities, as necessary from time to time, with regard to the action needed to be taken by the Qualified Entities to preserve the exclusion of the interest on the Series 2007 D Bonds from the gross income of the holders of the Series 2007 D Bonds.

The Bond Bank will monitor the compliance and consult regularly with the Qualified Entities with respect to their respective requirements under the Qualified Obligations, including the making of Qualified Obligation Payments to the Bond Bank.
APPLICATION OF PROCEEDS OF
THE SERIES 2007 D BONDS

Set forth below is a summary of the estimated sources and uses of the proceeds of the Series 2007 D Bonds:

SOURCES

Original Principal Amount of Series 2007 D Bonds ............................................................... $69,065,000.00
Plus: Net Original Issue Premium .............................................................................................. 4,974,638.90
Funds Released from 1998A Indenture ........................................................................................... 259,000.00

TOTAL ....................................................................................................... $74,298,638.90

USES

Deposit to Escrow(1) ................................................................................................................. $69,936,809.90
Deposit to General Account(2) ...................................................................................................... 3,602,629.01
Costs of Issuance(3) ........................................................................................................................ 759,199.99

TOTAL ....................................................................................................... $74,298,638.90

1 From proceeds received by the Bond Bank from the Qualified Entities pursuant to the refunding of the Refunded 1993 Qualified Obligations. Proceeds of the Series 2007 D Bonds will be used to acquire the Qualified Obligations, the proceeds of which will be used to refund the Refunded 1993 Qualified Obligations.

2 Amounts deposited to the General Account will be paid to the Qualified Entities to be used for particular capital projects of each respective Qualified Entity.

3 Includes legal, printing, Underwriters’ discount, rating agency fees, financial advisory and other miscellaneous costs of issuance.

THE BOND BANK

Powers and Purposes

The Bond Bank is a body corporate and politic separate from the City. The address of the Bond Bank is Suite 2342, City-County Building, 200 East Washington Street, Indianapolis, Indiana 46204. The Bond Bank was created by the Act for the purpose of purchasing and selling securities of certain qualified entities, including the City, the County, all special taxing districts of the City, all entities whose tax levies are subject to review and modification by the City-County Council and certain authorities or entities that lease land or facilities to other qualified entities. The Bond Bank was created pursuant to the Act to help the qualified entities lower their respective borrowing costs by having the Bond Bank purchase their debt obligations at interest rates favorable to the qualified entities. To accomplish its purpose, the Bond Bank may issue bonds or notes. The Bond Bank also has general powers which include the power to enter into, make and perform contracts of every lawful kind to accomplish its purpose. The Bond Bank has no taxing power.

Board of Directors of the Bond Bank

The Bond Bank is governed by a five (5) member board of directors appointed by the Mayor of the City. The directors appoint an executive director who serves as secretary-treasurer of the board. The directors each serve for terms of three (3) years and may be reappointed. No director may be an officer of the City, the County or any other qualified entity. The current members of the board of directors, their positions, their terms and their principal occupations are as follows:
Name: Mary Titsworth Chandler  Position: Chairperson  Term Expires: April 30, 2009  Occupation: Attorney

Name: Jacob E. Hall  Position: Member  Term Expires: April 30, 2009  Occupation: Retired Engineer

Name: Thomas J. O'Donnell  Position: Member  Term Expires: April 30, 2009  Occupation: Business Manager of International Brotherhood of Electrical Workers

Name: DeVonne Richburg-Pollard  Position: Member  Term Expires: April 30, 2009  Occupation: Business Consultant

Name: Kathryn A. Minx  Position: Member  Term Expires: April 30, 2010  Occupation: Chief Operating Officer, BSA LifeStructures

**Barbara A. Lawrence** was appointed the Executive Director of the Bond Bank on August 1, 2005. Ms. Lawrence previously served as Controller of the City of Indianapolis, Director of the Department of Public Works of the City of Indianapolis and Deputy Director of the Bond Bank. She holds a B.A. from Indiana University and an M.B.A. from Indiana Wesleyan University.

**Katherine Aeschliman**, Senior Project Manager, joined the Bond Bank in May 2005. Ms. Aeschliman worked as a financial analyst for the City of Indianapolis Controller's Office from 2001 to May 2005, before joining the Bond Bank. She holds a B.S. from Indiana University and an M.B.A. from the University of Indianapolis.

**Kyle Willis** has served as Project Manager of the Bond Bank since November 2005. Mr. Willis worked as a financial analyst for the Indianapolis Airport Authority from 2004 to October 2005. He holds a B.S. from Marian College.

**Other Programs; Outstanding Indebtedness**

Under the Act, the Bond Bank is authorized to issue other series of notes or bonds to finance different programs to accomplish its purposes. Under separate trust indentures and other instruments authorized under the Act, the Bond Bank has previously issued and had outstanding as of August 1, 2007 an aggregate principal amount of approximately Three Billion Two Hundred Ninety-Two Million One Hundred Two Thousand Six Hundred Sixty-Four Dollars ($3,292,102,664) in separate program obligations (which amount does not include the Series 2007 D Bonds). Certain of the foregoing obligations of the Bond Bank may mature or otherwise be defeased as of or prior to the issuance of the Series 2007 D Bonds. In addition, the Bond Bank may issue other obligations prior to the issuance of the Series 2007 D Bonds. All such obligations are and will be secured separately and independently and do not and will not constitute Bonds under the Indenture or for purposes of this Official Statement.

**THE CITY OF INDIANAPOLIS AND MARION COUNTY**

The City is a municipal corporation located in the County. It is the largest city in the State and the thirteenth largest city in the United States. In 1970, the governments of the City and the County were consolidated to form the State's only consolidated city, which provides services generally throughout the County in which the City is located. By the consolidating act, the boundaries of the City were extended to the County line with the exception of the municipalities of Beech Grove, Lawrence, Southport and Speedway.

The executive of the City is the Mayor who is elected by all the voters of the County. The Mayor, who may serve an unlimited number of four-year terms, has extensive appointive powers and also serves as chief executive officer of the County. The executive authority is administered through five departments: Administration, Metropolitan Development, Parks and Recreation, Public Safety and Public Works. On January 1, 2007, a sixth department, the Indianapolis Metropolitan Police Department went into effect.

The legislative body of the City is the City-County Council. The City-County Council approves the annual budget and any tax levies for the City and the special taxing districts of the City and the County. The City-County
Council also is empowered to review and modify the budgets and tax levies of certain other entities in the County. The City-County Council is required to approve the issuance of additional debt of the Qualified Entities.

The City’s Comprehensive Annual Financial Report for the year ended December 31, 2005 is filed with and available from the NRMSIRs. See "AVAILABILITY OF DOCUMENTS AND FINANCIAL INFORMATION." Certain recent developments regarding the City’s finances are described below.

Economics and Demographics

The City is Indiana's largest city and is also the State's capital. Since 1980, the City has experienced consistent population growth, increasing from approximately 765,000 persons in 1980 to 861,760 in 2005 (based on the 2007 U.S. Census estimate), or 12.5% during the period. Located at roughly the geographic center of the State, the City is the crossroads for more major interstate highways than any other city in the United States. Based on U.S. Bureau of Labor Statistics data for 2005, three-quarters of businesses are within one day's truck drive of the City. The City's airport is ranked 8th in North America and 20th in the world for cargo shipments. (Source: The Indianapolis Airport Authority)

The City historically has had both a higher level and a faster rate of growth for per capita income than either the State or national averages. For the decade 1995-2005, the City's per capita income grew 51.99%, versus 45.61% for the State and 49.38% for the United States based on data from the Bureau of Economic Analysis, 2007. Per capita income in the City reached $36,286 in 2005, while the State's average was $31,173 and the United States average was $34,471, which is also based on data from the Bureau of Economic Analysis, 2007. Although manufacturing is an important source of high wage jobs, especially in the pharmaceutical and automotive sectors, the City has a diverse economic base, as shown in the table below. The Professional, Scientific, Management, Administrative and Waste Management Services sector is the largest single sector of employment with over 104,000 employees, while Education, Health and Social Services is the second leading source of jobs in the area with 84,562 employees.

The City's employment base is diversified among the following industries:

<table>
<thead>
<tr>
<th>Industry</th>
<th>Total</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Professional, scientific, management, administrative and waste management services</td>
<td>104,207</td>
<td>17%</td>
</tr>
<tr>
<td>Educational, health and social services</td>
<td>84,562</td>
<td>14%</td>
</tr>
<tr>
<td>Government</td>
<td>79,402</td>
<td>12%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>72,587</td>
<td>12%</td>
</tr>
<tr>
<td>Retail trade</td>
<td>66,396</td>
<td>11%</td>
</tr>
<tr>
<td>Arts, entertainment, recreation, accommodation and food services</td>
<td>60,129</td>
<td>10%</td>
</tr>
<tr>
<td>Finance, insurance, real estate and rental and leasing</td>
<td>54,898</td>
<td>9%</td>
</tr>
<tr>
<td>Transportation and warehousing and utilities</td>
<td>38,972</td>
<td>7%</td>
</tr>
<tr>
<td>Construction</td>
<td>36,555</td>
<td>6%</td>
</tr>
<tr>
<td>Wholesale trade</td>
<td>33,493</td>
<td>6%</td>
</tr>
<tr>
<td>Other services</td>
<td>32,957</td>
<td>6%</td>
</tr>
<tr>
<td>Information</td>
<td>12,594</td>
<td>2%</td>
</tr>
<tr>
<td>Agriculture, forestry, fishing and hunting and mining</td>
<td>373</td>
<td>0%</td>
</tr>
</tbody>
</table>

The table below sets forth the largest employers in the City as of December 31, 2006.

<table>
<thead>
<tr>
<th>Employer</th>
<th>Industry</th>
<th>Number of Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eli Lilly and Company</td>
<td>Pharmaceutical</td>
<td>14,000</td>
</tr>
<tr>
<td>Clarian Health Partners, Inc.</td>
<td>Health Care</td>
<td>7,503</td>
</tr>
<tr>
<td>Community Health Network</td>
<td>Health Care</td>
<td>7,500</td>
</tr>
<tr>
<td>Indiana University Purdue University - Indianapolis</td>
<td>Education</td>
<td>7,066</td>
</tr>
<tr>
<td>FedEx</td>
<td>Transportation</td>
<td>6,311</td>
</tr>
<tr>
<td>St. Vincent's Hospital</td>
<td>Health Care</td>
<td>6,000</td>
</tr>
<tr>
<td>WellPoint Inc.</td>
<td>Insurance</td>
<td>4,200</td>
</tr>
<tr>
<td>Rolls-Royce</td>
<td>Manufacturing</td>
<td>4,000</td>
</tr>
<tr>
<td>Allison Transmission, Inc.</td>
<td>Manufacturing</td>
<td>4,000</td>
</tr>
<tr>
<td>AT&amp;T Indiana</td>
<td>Information</td>
<td>3,500</td>
</tr>
</tbody>
</table>

Source: The Indy Partnership Employer Database, 2007

Recent Developments Regarding City and County Finances

**Governmental Consolidation**

During the 2005 session of the Indiana General Assembly, the City proposed legislation to consolidate certain City and County governmental functions, such as the provision of police protection and the provision of fire protection. The City’s goal in proposing this legislation was to effect cost savings and address projected budget deficits in future years. The Indiana General Assembly adopted a portion of this legislation to permit the City-County Council to approve consolidation of the City’s police department with the law enforcement division of the Marion County Sheriff’s Department (“MCSD”). The City-County Council approved the consolidation of the City’s police department with the MCSD in December 2005. The consolidation became effective on January 1, 2007.

The legislation also permits the City-County Council and each township to determine by adoption of similar ordinances to consolidate a township fire department with the City’s fire department. The City’s fire department serves only the central area of the City, and eight township fire departments serve the remainder of the County (except for the excluded municipalities). Two townships, Washington Township and Warren Township, have agreed to merge their respective fire departments with the City’s fire department effective January 1, 2007, and July 1, 2007, respectively. The City’s administration believes that full consolidation of all fire departments could provide significant savings to the City, County and townships. During the 2007 session of the Indiana General Assembly legislation proposed by the City that would implement the remainder of the consolidation plan, including consolidation of the remaining fire departments (without the necessity of adoption of ordinances by the affected townships) and additional consolidation of other components of city and township government failed to pass. However, it is anticipated that the City will continue to pursue similar consolidation legislation in the future.

**Pension Liability**

The City maintains single-employer retirement plans covering police and firefighters hired on or before April 30, 1977. Retirement benefits are available after twenty years of service. State law grants authority for these pension plans and sets the regulations covering benefits. Participants contribute three percent (3%) and the City contributes twenty-four percent (24%) of base salary, defined as the salary of a first class police officer or firefighter with twenty (20) years of experience. As these salaries increase year by year, benefits are directly adjusted. After participant contributions and pension assistance from the State are projected, property taxes and County Option Income Taxes (“COIT”) are levied to provide funding for the anticipated benefit payments for the year budgeted, resulting in benefit payments funded on a "pay-as-you-go" basis. No significant plan assets are accumulated for the payment of future benefits, except as discussed below.

The City currently has an aggregate unfunded liability of approximately Four Hundred Fifty Million Dollars ($450,000,000) (net present value) over the next twenty-five (25) years in these pension plans. In January 2005, the City issued $100 million in taxable pension funding bonds payable from property taxes. The proceeds were deposited to a pension fund stabilization account and are expected to be used to fund a portion of the
annual pension costs through 2008. In addition, the City has received approximately One Hundred Fifty Million Eight Hundred Thousand Dollars ($150,800,000) in pension assistance from the State since 2002 and expects to seek additional assistance from the State. The City has the ability to levy ad valorem property taxes to fund deficits in these pension funds on an annual basis. During the 2007 session of the Indiana General Assembly, legislation was enacted which provides the City the authority to issue additional pension obligation bonds in an amount which the City believes will be sufficient to pay for its projected unfunded liability on a net present value basis.

**COIT Increase**

The City-County Council voted on February 22, 2005, to increase COIT in Marion County from the then-current rate of 0.7% to 1.0%, the maximum rate then permitted by law. The increase is effected over a three (3) year period, commencing July 1, 2005, with a 0.1% increase per year. Currently, COIT is used by the City and County to partially fund public safety services and to pay debt service on bonds issued to finance various economic development projects, among other things. The members of the City-County Council have indicated an intention to use the increased COIT revenues, which resulted from the rate increase approved by the City-County Council in 2005, to improve the County’s criminal justice system, including potentially funding additional courts and jail facilities.

During the 2007 session of the Indiana General Assembly, legislation was enacted which allows for additional COIT rates that are above the maximum rate set forth in the prior paragraph. These additional COIT rates may be imposed in amounts not to exceed (a) 1.0% for funding certain city, county and state expenses, (b) 0.5% for funding public safety expenses and related pension expenses, and (c) 1.0% for general property tax relief for all local governmental units in Marion County.

On July 23, 2007, the City-County Council voted to increase COIT in Marion County by an additional 0.65%, raising the total rate to 1.65% effective October 1, 2007. A portion of the additional COIT will be distributed to other civil taxing units (other than schools) located within Marion County. The additional COIT is estimated to generate approximately Ninety Million Dollars ($90,000,000) per year for the City and County and is expected to be used to fund public safety pensions, hire additional police officers, maintain and enhance improvements to the criminal justice system previously implemented in 2006, and implement additional enhancements to the criminal justice system and additional crime prevention programs. The adoption of the increased COIT also includes a freeze on property tax levies for at least two years by all local taxing units in Marion County except schools. On September 6, 2007, a group of taxpayers filed a lawsuit in the Indiana Tax Court against the State, certain State agencies, the City, and certain elected officials of the State, the City and County requesting declaratory and injunctive relief relating to property tax assessments, property tax refunds, property tax rates and imposition of certain local income taxes. The lawsuit included a request for declaratory judgment that the City-County Council ordinance enacting the increase in the COIT rate in Marion County be rendered void and a request for an injunction to prevent the collection of the increased COIT. While the ultimate outcome of the litigation cannot be predicted with certainty, the City intends to vigorously oppose the claims relating to the COIT increase and believes such claims are without merit.

**2007 Property Tax Collections**

On August 1, 2007, the Indiana Department of Local Government Finance ("DLGF") ordered a reassessment of all real property in Marion County to be completed by February 1, 2008. The DLGF order requires the County Assessor to retain a firm or firms of professional appraisers to perform the reassessment of non-residential property, and authorizes the County Assessor to retain one or more firms of professional appraisers to perform the reassessment of residential property, in each case subject to the approval and supervision of the DLGF. In addition, the DLGF order declares the 2007 certified tax rates and assessed values are void, but generally provides that tax payments will be based upon the 2006 assessment and tax rate, with certain adjustments for changes in homestead credits, construction-in-process, division of parcels and other similar items. Pursuant to the DLGF order, the spring installment of taxes was due August 10, 2007, the fall installment is to be due November 13, 2007, with reconciliation bills based on the reassessment values to be sent no later than April 14, 2008, and payments due on April 30, 2008.

The City and County expect that the result of the order by the DLGF will be the receipt of significantly lower tax collections during fiscal year 2007 than originally budgeted. However, the overall 2007 property tax levy
for the City and County will remain the same, and upon completion of the reassessment and distribution of reconciliation bills, the City and County should be able to collect the full property tax levy, subject to normal delinquencies and non-payments. The City and County currently issue tax anticipation warrants to fund government expenditures pending receipt of property tax collections. The City and County expect to extend or renew existing tax anticipation warrants and/or issue additional tax anticipation warrants to fund additional cashflow deficits resulting from the delayed tax collections in 2007.

**PTRC Litigation**

The Indiana General Assembly also adopted legislation in 2005 to withhold distributions of property tax replacement credits ("PTRC") to governmental units owing money to the State. The legislation provides that the Auditor of the State may reduce distributions of PTRC to any county with an outstanding balance owed to the State’s Department of Correction for the maintenance of juvenile inmates prior to June 2005. The reductions are spread equally over the State fiscal years ending 2006 through 2009, commencing in August 2005. The County owed approximately Sixty-Seven Million Dollars ($67,000,000) to the State for maintenance of the County’s juvenile inmates. After adoption of the legislation, the County filed to enjoin the State from reducing its PTRC distributions. While the preliminary injunction request was pending, the State was ordered to make a full distribution of PTRC in August 2005. However, the request for the injunction was ultimately denied, and the State began reducing the County’s PTRC distribution in September 2005. The County filed a lawsuit against the State challenging the constitutionality of the legislation, and that lawsuit is still pending.

In November 2005, the City-County Council adopted Ordinance 163, 2005 which established the Marion County Juvenile Incarceration Debt Service Fund, set a property tax rate associated with the fund and authorized a Memorandum of Understanding (the "MOU") with the State of Indiana. Under the MOU, the County agreed to the State’s withholding certain PTRC to the County in 2006, 2007, 2008 and 2009 totaling Sixty-Four Million One Hundred Fifty Thousand Seven Hundred Twenty-Nine Dollars ($64,150,729) for the past-due juvenile incarceration charges. The tax levy authorized by the City-County Council Ordinance, together with revenues collected in the Debt Service Fund, will be used to offset the loss of the PTRC for budgetary purposes. A separate levy has been assessed to stay current on the ongoing juvenile incarceration charges. The MOU has no bearing on the pending lawsuit, which the City continues to pursue.

**Budget Matters**

As a part of the 2006 budget approved by the City in September 2005, a reduction (primarily through attrition) of 127 police officers was contemplated. However, public safety concerns raised during 2006 led the City to not implement this reduction, which resulted in an estimated additional cost in 2006 of approximately Four Million Three Hundred Sixty-Eight Thousand Dollars ($4,368,000) and an estimated additional cost in 2007, which was in addition to the additional cost in 2006, of approximately $7,098,000. All of these additional costs were funded from a portion of the City’s fund balances and non-recurring revenues. In September 2006, the City approved the 2007 budgets for the City and the County, which included the use of approximately Sixty-Two Million Dollars ($62,000,000) of non-recurring revenues, comprised of proceeds of the pension obligation bonds of approximately Thirty Million Two Hundred Thousand Dollars ($30,200,000) and county option income tax reserves incorrectly withheld by the State of Indiana and subsequently distributed in the amount of approximately Twenty-Two Million Dollars ($22,000,000), and a portion of the fund balance of approximately Nine Million Eight Hundred Thousand Dollars ($9,800,000). Such non-recurring revenues and fund balances represented approximately six and two-tenths percent (6.2%) of the aggregate revenues to be used by the City and County in 2007. As stated earlier in this section of the Official Statement, certain legislation was enacted during the 2007 session of the Indiana General Assembly, which was supported by the City. Such legislation included provisions relating to a local unit’s authority to raise local non-property tax revenues to fund the increasing cost of local services, thereby reducing the dependence on local property tax revenues and the use of non-recurring revenue sources and fund balances, and the issuance of additional pension obligation bonds to address the existing unfunded pension liability discussed earlier in this section of the Official Statement. On July 23, 2007, the City-County Council voted to increase COIT in Marion County. See " – COIT Increase" above. Additional components of the legislation require certain additional action by the City-County Council.

On August 6, 2007, Indianapolis Mayor Peterson presented the City and County budget for fiscal year 2008 to the City-County Council. The proposed 2008 budget includes additional public safety and criminal justice
expenditures as described under "COIT Increase" above, and an approximately $50 million reduction in the property tax levy for the City and County. By utilizing the additional COIT revenues expected to be generated in 2008, the proposed budget does not require the City and County to draw on existing fund balances or significant non-recurring revenues.

LITIGATION

There is not now pending or, to the Bond Bank's or any Qualified Entity's respective knowledge, threatened any litigation restraining or enjoining the issuance, sale, execution or delivery of the Series 2007 D Bonds or the Qualified Obligations, or the execution and delivery of, and performance by the respective parties to, the Authorizing Instruments; prohibiting the Bond Bank from purchasing the Qualified Obligations with the proceeds of the Series 2007 D Bonds; in any way contesting or affecting the validity of the Series 2007 D Bonds or the Qualified Obligations or any proceedings of the Bond Bank taken with respect to the issuance or sale thereof, or the Pledges (as herein defined under the caption "ENFORCEABILITY OF REMEDIES") or application of any moneys or security provided for payment of the Series 2007 D Bonds or the Qualified Obligations. Neither the creation, organization or existence of the Bond Bank or the Qualified Entities nor the title of any of the present directors or other officers of the Bond Bank or Qualified Entities to their respective offices is being contested. See "THE CITY OF INDIANAPOLIS AND MARION COUNTY – Recent Developments Regarding City and County Finances – COIT Increase."

TAX MATTERS

In the opinion of Barnes & Thornburg LLP, Indianapolis, Indiana, Bond Counsel, under existing laws, interest on the Series 2007 D Bonds is excludable from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended and in effect on the date of issuance of the Series 2007 D Bonds (the "Code"). The opinion of Barnes & Thornburg LLP is based on certain certifications, covenants and representations of the Bond Bank and the Qualified Entities and is conditioned on continuing compliance therewith. In the opinion of Bond Counsel, under existing laws, interest on the Series 2007 D Bonds is exempt from income taxation in the State of Indiana for all purposes except the State financial institutions tax. See APPENDIX B "FORM OF APPROVING BOND COUNSEL OPINION" for the form of Bond Counsel opinion.

The Code imposes certain requirements which must be met subsequent to the issuance of the Series 2007 D Bonds as a condition to the exclusion from gross income of interest on the Series 2007 D Bonds for federal tax purposes. Noncompliance with such requirements may cause interest on the Series 2007 D Bonds to be included in gross income for federal tax purposes retroactive to the date of issue, regardless of the date on which noncompliance occurs. Should the Series 2007 D Bonds bear interest that is not excludable from gross income for federal income tax purposes, the market value of the Series 2007 D Bonds would be materially and adversely affected. It is not an event of default under the Indenture or the Authorizing Instruments if interest on the Series 2007 D Bonds or the Qualified Obligations, respectively, is not excludable from gross income for federal tax purposes pursuant to any provision of the Code which is not in effect on the date of issuance of the Series 2007 D Bonds or the Qualified Obligations, respectively.

The interest on the Series 2007 D Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes. However, interest on the Series 2007 D Bonds is included in adjusted current earnings in calculating corporate alternative minimum taxable income for purposes of the corporate alternative minimum tax.

Indiana Code 6-5.5 imposes a franchise tax on certain taxpayers (as defined in Indiana Code 6-5.5) which, in general, include all corporations which are transacting the business of a financial institution in Indiana. The franchise tax is measured in part by interest excluded from gross income under Section 103 of the Code minus associated expenses disallowed under Section 265 of the Code.

Although Bond Counsel will render an opinion that interest on the Series 2007 D Bonds is excludable from gross income for federal tax purposes and exempt from State income tax, the accrual or receipt of interest on the Series 2007 D Bonds may otherwise affect an owner's federal or state tax liability. The nature and extent of these other tax consequences will depend upon the owner's particular tax status and the owner's other items of income or deduction. Except as expressly set forth above, Bond Counsel expresses no opinion regarding any other such tax
consequences. Prospective purchasers of the Series 2007 D Bonds should consult their own tax advisors with respect to the other tax consequences of owning the Series 2007 D Bonds.

The foregoing does not purport to be a comprehensive description of all of the tax consequences of owning the Series 2007 D Bonds. Prospective purchasers of the Series 2007 D Bonds should consult their own tax advisors with respect to the foregoing and other tax consequences of owning the Series 2007 D Bonds.

AMORTIZABLE BOND PREMIUM

The initial offering price of the Series 2007 D Bonds (collectively, the "Premium Bonds"), is greater than the principal amount payable at maturity. 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). The amount of amortizable Bond Premium will be computed on the basis of the taxpayer'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 at Section 171(b) of the Code. No income tax deduction for the amount of 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 Series 1998 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 such 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 the treatment of Bond Premium.

ENFORCEABILITY OF REMEDIES

The remedies available to the Trustee or the holders of the Series 2007 D Bonds upon a default under the Indenture; to the Trustee or the Bond Bank under the Qualified Obligations, the purchase agreements for the Qualified Obligations and the Authorizing Instruments; or to any party seeking to enforce the pledges securing the Series 2007 D Bonds or the Qualified Obligations described herein (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 purchase agreements for the Qualified Obligations, the Qualified Obligations and the Authorizing Instruments, 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 Entities 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 2007 D Bonds under the Indenture or over the liens pledged to the owner of the Qualified Obligations under the Authorizing Instruments.

The various legal opinions to be delivered concurrently with the delivery of the Series 2007 D 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 (including the police powers of the City and the County) in a manner consistent with the public health and welfare. Enforceability of the Indenture, the purchase agreements for the Qualified Obligations, the Authorizing Instruments and the Pledges in a situation where such enforcement may adversely affect public health and welfare may be subject to these police powers.

The various legal opinions to be delivered concurrently with the delivery of the Series 2007 D Bonds express the professional judgment of the attorneys rendering the opinions on the legal issues explicitly addressed
therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of parties to such transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

APPROVAL OF LEGAL PROCEEDINGS

Certain legal matters incident to the authorization, issuance, sale and delivery of the Series 2007 D Bonds are subject to the approval of Barnes & Thornburg LLP, Indianapolis, Indiana, Bond Counsel, whose approving legal opinion will be delivered with the Series 2007 D Bonds, substantially in the form annexed hereto as APPENDIX B "FORM OF APPROVING BOND COUNSEL OPINION." Certain legal matters will be passed on by the Corporation Counsel of the City of Indianapolis, Indiana, as General Counsel to the Bond Bank and the Qualified Entities, and by Baker & Daniels LLP, Indianapolis, Indiana, counsel for the Underwriters.

RATINGS

Fitch Ratings ("Fitch"), Moody's Investors Service ("Moody's") and Standard & Poor's Credit Market Services ("S&P"), have assigned long-term ratings of "AAA," "Aa1" and "AAA," respectively, to the Series 2007 D Bonds. An explanation of the significance of the ratings given by Fitch may be obtained from Fitch at One State Street Plaza, New York, New York 10004. An explanation of the significance of the ratings given by Moody’s may be obtained from Moody’s at 99 Church Street, New York, New York 10007. An explanation of the significance of the ratings given by S&P may be obtained from S&P at 55 Water Street, New York, New York 10041.

Such ratings reflect only the views of such rating agencies, and there is no assurance that any rating will continue for any given period of time or that any rating will not be revised downward or withdrawn entirely by the applicable rating agency if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of a rating may have an adverse effect on the market price of the Series 2007 D Bonds. Other than the reporting obligation of the Bond Bank pursuant to the Continuing Disclosure Contract (as defined herein), the Bond Bank and the Qualified Entities have not undertaken any responsibility to bring to the attention of the owners of the Series 2007 D Bonds any proposed change in or withdrawal of such ratings once received or to oppose any such proposed revision.

UNDERWRITING

The Series 2007 D Bonds are being purchased by the Underwriters set forth on the front cover page of this Official Statement. The Underwriters have jointly and severally agreed to purchase the Series 2007 D Bonds at an aggregate purchase price of $73,689,888.91 which represents the par amount set forth on the front cover hereof, plus original issue premium of $4,974,638.90, less an underwriting fee of $349,749.99, pursuant to the Bond Purchase Agreement. The Bond Purchase Agreement provides that the Underwriters will purchase all of the Series 2007 D Bonds if they are purchased. The initial offering price may be changed from time to time by the Underwriters.

The Underwriters have agreed to make a bona fide public offering of all of the Series 2007 D Bonds at prices not in excess of the initial public offering prices set forth or reflected on the front cover page of this Official Statement. The Underwriters may sell the Series 2007 D Bonds to certain dealers (including dealers depositing Series 2007 D Bonds into investments trusts) and others at prices lower than the offering prices set forth on the front cover page hereof.

VERIFICATION OF MATHEMATICAL CALCULATIONS

Concurrently with the delivery of the Series 2007 D Bonds, H.J. Umbaugh & Associates, Indianapolis, Indiana ("Umbaugh"), a firm of independent certified public accounts, will verify from the information provided to them, the mathematical accuracy of the computations contained in the provided schedules to determine that (i) the anticipated receipts from the securities and cash deposits listed in the Underwriters’ schedules, to be held in escrow, will be sufficient to pay, when due, the principal, interest and call premium payment requirements of the Prior Bonds, respectively, and (ii) the Qualified Obligation Payments, together with other available revenues of the Bond Bank, have been structured to be sufficient to pay principal of and interest on the Series 2007 D Bonds when due. Umbaugh will express no opinion on the assumptions provided to them, nor on the exclusion from gross income for federal income tax purposes of interest on the 2007 D Bonds.
SERIES 2007 D 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.

AGREEMENT WITH STATE

The Act provides that the State will not limit or restrict the rights vested in the Bond Bank to fulfill the terms of any agreement made with the owners of the Series 2007 D Bonds or in any way impair the rights or remedies of the owners of the Series 2007 D Bonds for so long as the Series 2007 D Bonds are outstanding.

AVAILABILITY OF DOCUMENTS AND FINANCIAL INFORMATION

In accordance with the provisions of Rule 15c-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934 (the "Rule"), on July 28, 2006, the City filed with Bloomberg Municipal Repository, DPC Data Inc., FT Interactive Data and Standard & Poor’s J.J. Kenny Repository (such repositories being all of the NRMSIRs approved pursuant to the Rule as of the date of this Official Statement), the Comprehensive Annual Financial Report ("CAFR") of the City for the year ended December 31, 2005 (the "2005 CAFR") and certain financial information relating to the Qualified Entities. There is hereby included in this Official Statement by this reference the information contained in the 2005 CAFR, which information should be read in its entirety in conjunction with this Official Statement. See "CONTINUING DISCLOSURE" regarding the availability of the Comprehensive Annual Financial Report of the City for the year ended December 31, 2006 (the "2006 CAFR").

Copies of the 2005 CAFR may be obtained from the NRMSIRs listed above pursuant to their usual procedures and at their prescribed rates.

No financial reports related to the City are prepared on an interim basis and there can be no assurance that there have not been material changes to the financial position of the City since the date of the 2005 CAFR. See "THE CITY OF INDIANAPOLIS AND MARION COUNTY - Recent Developments Regarding City and County Finances."

Any statement contained in a document included or deemed to be included by reference herein shall be deemed to be modified or superseded for purposes of this Official Statement to the extent that a statement contained herein or in any other subsequently filed document which is also included or deemed to be included by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute part of this Official Statement.

Upon request the Bond Bank will make the most recent CAFR, any authorizing or governing instruments defining the rights of the owners of the Series 2007 D Bonds or the owners of the Qualified Obligations and available financial and statistical information regarding the Bond Bank and the Qualified Entities. Requests for documents should be directed to the Executive Director, The Indianapolis Local Public Improvement Bond Bank, Suite 2342, City-County Building, 200 East Washington Street, Indianapolis, Indiana 46204, (317) 327-4220.

CONTINUING DISCLOSURE

The Bond Bank will execute a continuing disclosure contract on the Closing Date (the "Continuing Disclosure Contract"). The Continuing Disclosure Contract will be executed for the benefit of the beneficial owners of the Series 2007 D Bonds. The Continuing Disclosure Contract will provide that so long as the Series 2007 D Bonds remain outstanding, the Bond Bank will provide annually certain financial information and operating data to each NRMSIR approved in accordance with the Rule and will provide notice of certain material events to the Municipal Securities Rulemaking Board in compliance with the Continuing Disclosure Contract. The form of the Continuing Disclosure Contract is attached hereto as APPENDIX E "FORM OF CONTINUING DISCLOSURE CONTRACT."
In 2003, the City's audited financial statements for the year ended December 31, 2002 were not available by July 31, 2003, and timely notice of the delay was provided to the NRMSIRs. Recognition of the delay also was provided by the Government Finance Officer Association (GFOA). The audited financial statements were subsequently filed in September of 2003. Additionally, the annual information filings made pursuant to the Continuing Disclosure Undertaking Agreement relating to The Indianapolis Local Public Improvement Bond Bank Bonds, Series 2000C for the years 2001 through 2005 did not contain all the information required to be filed; however, updated and complete annual information was filed in 2006. Further, other departments of the City have filed annual operating data later than the time required under certain other undertakings.

The City and the County are party to a number of continuing disclosure undertakings that require submission of the CAFR and other annual financial information, generally within 210 days after the close of each fiscal year. The City and County have notified each of the NRMSIRs and the MSRB that the 2006 CAFR and other annual financial information have not been completed and will not be filed within 210 days after December 31, 2006. The City and the County also have not filed any unaudited financial information with the NRMSIRs. The failure to timely file is a result of a number of unexpected and unusual circumstances. The City and County expect to file the 2006 CAFR and other annual financial information on or before October 31, 2007 and expect to make future required filings under the continuing disclosure undertakings in a timely manner. Upon availability of the 2006 CAFR, the Bond Bank will file a supplement to this Official Statement.

**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 2007 D Bonds, the security for the payment of the Series 2007 D 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 2007 D Bonds, copies of such documents may be examined at the offices of the Bond Bank.

The information contained in this Official Statement has been compiled from official and other sources deemed to be reliable, and while not guaranteed as to completeness or accuracy, is believed to be correct as of this date.
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 2007 D 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 between the Bond Bank, the City, the County, the Qualified Entities, the Trustee, the Registrar and Paying Agent or the Underwriters and the purchasers or owners of any Series 2007 D Bonds. The preparation, distribution and delivery of this Official Statement has been duly authorized by the Board of Directors of the Bond Bank.

THE INDIANAPOLIS LOCAL PUBLIC IMPROVEMENT BOND BANK

By: /s/ Mary Titsworth Chandler, Chair
APPENDIX A

THE QUALIFIED ENTITIES AND THE QUALIFIED OBLIGATIONS

This Appendix provides a brief discussion of the Qualified Entities, the sources of payment for the Qualified Obligations which are being pledged as security for payment of the Series 2007 D Bonds, and the Qualified Obligation Payments which are pledged to the payment of all of the Series 2007 D Bonds. This Appendix has been compiled from information provided to the Bond Bank by the respective Qualified Entities. Each Qualified Entity certifies that the information contained in the Official Statement relating to such Qualified Entity and its respective Qualified Obligations was correct as of the date of such Official Statement. The material set forth in this Appendix is for informational and background purposes only and is not intended and should not be deemed to be a comprehensive or exhaustive presentation of all financial and economic information which may be pertinent with respect to each Qualified Entity. Further, the information in this Appendix does not represent an analysis or representation of all of the detailed financial and other information reviewed by the Bond Bank in the course of the Bond Bank's determination to purchase the Qualified Obligations of the Qualified Entities. Pursuant to its Purchase Agreement with each Qualified Entity, the Bond Bank periodically collects updated financial information regarding each Qualified Entity. Such financial information with respect to the Qualified Entities may be obtained upon request to the Bond Bank. See "AVAILABILITY OF DOCUMENTS AND FINANCIAL INFORMATION" in this Official Statement.

PROCEDURES FOR PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION

General

The Qualified Obligations of each Qualified Entity are payable from special ad valorem property taxes required by law to be levied by or on behalf of the Qualified Entity. Real and personal property in the State is assessed each year as of March 1st. On or before August 1st each year, the County Auditor must submit to each underlying unit a statement of (i) the estimated assessed value of the unit as of March 1st of that year, and (ii) an estimate of the taxes to be distributed to the unit during the last six months of the current budget year. The estimated value is based on property tax lists delivered to the Auditor by the township assessor or its designee on or before July 1. See "THE CITY OF INDIANAPOLIS AND MARION COUNTY – Recent Developments Regarding City and County Finances – 2007 Property Tax Collections" with respect to the 2006 reassessment of properties.

The estimated value is used when the governing body of a local taxing unit meets to establish its budget for the next fiscal year (January 1 through December 31), and to set tax rates and levies. By statute, the budget, tax rate and levy must be established no later than the last meeting of the fiscal body for the City and the County in September. The budget, tax levy and tax rate are subject to review and revision by the Department of Local Government Finance ("DLGF") which can lower, but not raise the tax levy or tax rate unless the levy proposed by the Qualified Entity is not sufficient to make its Qualified Obligation payments. The DLGF must complete its actions on or before February 15.

On or before March 15, the County Auditor prepares and delivers to the State Auditor and County Treasurer the final abstract of the property, assessments, taxes, deductions and exemptions for taxes payable in that year in each taxing district with the County. The County Treasurer mails tax statements in April of that year (but mailing may be delayed due to reassessment or other factors). Property taxes are due and payable to the County Treasurer in two installments on May 10 and November 10. If an installment of taxes is not completely paid on or before the due date, a penalty of ten percent (10%) of the amount delinquent is added to the amount due; provided, that, so long as the installment is completely paid within thirty (30) days of the due date and the taxpayer is not liable for delinquent property taxes first due and payable in a previous year for the same parcel, the amount of the penalty is five percent (5%) of the amount of the delinquent taxes. On May 10 and November 10 of each year thereafter, an additional penalty equal to ten percent (10%) of any taxes remaining unpaid on their respective anniversary due date is added. The penalties are imposed only on the principal amount of the delinquency. If the delinquent amount is not paid, real property generally becomes subject to tax sale after July 1 in the year after the tax was due. With respect to delinquent personal property taxes, the County Treasurer in which the property is located may initiate collection procedures after November 10 in the year the tax was due. The County Auditor distributes property taxes collected to the various taxing units on or about the June 30 or December 31 after the due date of the tax payment.
Pursuant to State law, real property is valued for assessment purposes at its "true tax value" as defined in the 2002 Real Property Assessment Manual adopted by the DLGF (the "Manual"), and as interpreted in the rules and regulations of the DLGF, including the 2002 Real Property Assessment Guidelines, Version A (the "Guidelines") and the Real Property Assessment Rule, 50 IAC 2.3. The Manual defines "true tax value" as "the market value in use of property for its current use, as reflected by the utility received by the owner or a similar user from that property." The Manual permits assessing officials in each county to choose any acceptable mass appraisal method to determine true tax value, taking into consideration the ease of administration and the uniformity of the assessments produced by that method. The Guidelines were adopted to provide assessing officials with an acceptable appraisal methodology, although the Manual makes it clear that assessing officials are free to select from any number of appraisal methods, provided that they are capable of producing accurate and uniform values throughout the jurisdiction and across all classes of property. The Manual specifies the standards for accuracy and validation that the DLGF will use to determine the acceptability of any alternate appraisal method.

"Net Assessed Value" or "Taxable Value" represents the "Gross Assessed Value" less certain deductions for mortgages, veterans, the aged, the blind, economic revitalization, resource recovery systems, rehabilitated residential property, solar energy systems, wind power devices, coal conservation systems, hydroelectric systems, geothermal devices, and tax-exempt property. The "Net Assessed Value" of "Taxable Value" is the value used for taxing purposes in the determination of tax rates.

Changes in assessed values of real property occur periodically as a result of general reassessments scheduled by the Indiana General Assembly, as well as when changes occur in the property due to new construction, demolition of improvements. The next reassessment is scheduled to be effective as of the March 1, 2011, assessment date and affects taxes payable beginning in 2012, and reassessments are scheduled to occur every four years thereafter. Beginning in 2006 for taxes payable 2007, all real property assessments will be revalued annually to reflect market value based on comparable sales data ("Trending"). See "THE CITY OF INDIANAPOLIS AND MARION COUNTY – Recent Developments Regarding City and County Finances – 2007 Property Tax Collections" with respect to the 2006 reassessment of properties.

If a change in assessed value occurs, either the Township Assessor or the County Board of Review sends a written notification to the affected property owner. Upon notification, if the owner wishes to appeal this action, the owner may file a petition requesting a review of the action. This petition must be filed with the County Auditor within forty-five (45) days after the written notification was received. While the appeal is pending, any taxes on real property that become due on the property in question must be paid in an amount based on the immediately preceding year's assessment or it may be paid based on the amount that is billed.

IC 6-1.1-21-5 provides each taxpayer with a property tax replacement credit (PTRC) in an amount equal to the sum of the following: (a) sixty percent (60%) of a taxpayer's tax liability in a calendar year for taxes imposed by a school corporation for its general fund for a stated assessment year on all real and personal property; (b) approximately twenty percent (20%) of a taxpayer's real property tax liability for a stated assessment year for the general fund tax levies within the County (less sixty percent (60%) of the levies for the general fund of the school corporations; and (c) approximately twenty percent (20%) of a taxpayer's tangible personal property, other than business personal property, tax liability for a stated assessment year for the general fund tax levies within the County (less sixty percent (60%) of the levies for the general fund of the school corporations within County). However, in calculating the PTRC, the tax liability of a taxpayer does not include the amount of any property tax owed by the taxpayer attributable to certain specified components of the tax levy. Among the tax levy components not receiving the PTRC are the property taxes that will be used to pay for the principal and interest due on debt entered into after December 1983. PTRC was limited for taxes payable in 2005-2007 by the 2005 session of the Indiana General Assembly.

A state homestead credit is also applied to the property tax liability of an owner of a primary residence in the state. The amount of the state homestead credit is equal to approximately twenty percent (20%) of the taxpayer’s property tax liability for the general fund levies imposed by all of the taxing units in the taxing district (less the PTRC).
Circuit Breaker

During the 2006 session of the Indiana General Assembly, legislation was enacted which limits all real and personal property taxes for all categories of real and personal property (i.e., residential, commercial, industrial, etc.) to two percent (2%) of the gross assessed values before any deductions from gross assessed values for assessment years beginning in 2009 payable in 2010. In addition, for 2007 assessments payable 2008 and 2009, the two percent (2%) circuit breaker cap is mandatory for all categories of qualified residential property. Qualified residential property may include the following: an apartment complex, a homestead, or residential rental property. During the 2007 session of the Indiana General Assembly, legislation was enacted that increased the circuit breaker cap from two percent (2%) to three percent (3%) for non-homestead property.

A political subdivision may not increase its property tax levy or borrow money, the loan of which is payable from property taxes, to make up for any property tax revenue shortfall due to the application of the circuit breaker cap. However, during the 2007 session of the Indiana General Assembly, legislation was enacted that creates a special review board entitled the circuit breaker board. This review board has the authority under certain circumstances to increase uniformly the percentage threshold at which the cap applies to a person's or entity's property tax liability or to provide for a uniform reduction to other credits allowed under Indiana law. The DLGF has taken an administrative position that existing law requires taxing units to fully fund any levies for the payment of outstanding debt service or lease rental obligations regardless of any reduction in property tax collections due to the application of the circuit breaker cap. The DLGF's position is that property taxes collected by a political subdivision must be applied first to pay debt service or lease rental obligations on all outstanding property tax-backed bonds or bonds payable from property tax-backed lease rentals. If property tax collections are insufficient to fully fund debt service or lease rental levies due to the circuit breaker property tax cap, the DLGF has indicated that taxing units must use non-property tax revenues or revenues from property tax levies for other funds (including operating) to offset revenue loss to the debt service fund.

There has been no judicial interpretation of the circuit breaker legislation or the DLGF's position or authority to require application of property tax revenues as described above, nor has there been any assurance that the DLGF will maintain its position. In addition, there can be no assurance as to future events or legislation that may impact the application of the circuit breaker or the collection of property taxes.

ASSESSED VALUATIONS OF THE QUALIFIED ENTITIES AND THE CITY

Consistent with the procedures outlined under the caption "PROCEDURES FOR PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION," the current assessed valuations for each Qualified Entity and the City have been determined as set forth below. See "THE CITY OF INDIANAPOLIS AND MARION COUNTY – Recent Developments Regarding City and County Finances – 2007 Property Tax Collections" with respect to the 2006 reassessment of properties.

<table>
<thead>
<tr>
<th>Qualified Entity</th>
<th>Territory Included</th>
<th>Assessed Valuation *</th>
</tr>
</thead>
<tbody>
<tr>
<td>Flood Control District</td>
<td>Marion County</td>
<td>$39,884,933,210</td>
</tr>
<tr>
<td>Thoroughfare District</td>
<td>Marion County</td>
<td>$39,884,933,210</td>
</tr>
<tr>
<td>Park District</td>
<td>Marion County</td>
<td>$39,884,933,210</td>
</tr>
<tr>
<td>Sanitary District</td>
<td>Marion County, excluding Beech Grove, Lawrence, Southport, Speedway and the Ben Davis Conservancy District</td>
<td>$36,517,741,490</td>
</tr>
</tbody>
</table>

* Most recently certified assessments, dated as of March 1, 2005. The March 1, 2006 assessed valuations are in the process of being reassessed. See "THE CITY OF INDIANAPOLIS AND MARION COUNTY – Recent Developments Regarding City and County Finances – 2007 Property Tax Collections" with respect to the 2006 reassessment of properties.
THE FLOOD CONTROL DISTRICT

**Governance.** The Board of Public Works of the City (the "Board of Public Works") is the governing body of the Flood Control District of the City (the "Flood Control District"), which, under the jurisdiction of the Department of Public Works, is a special taxing district established and existing pursuant to Indiana Code 36-9-29.1, as amended, and which has responsibility for constructing and maintaining flood control and drainage projects within its boundaries, which are coterminous with the boundaries of Marion County (the "County"). There are seven members on the Board of Public Works. The Director of the Department of Public Works serves as the chairperson. Three members of the Board of Public Works are appointed by the Mayor and three are appointed by the City-County Council.

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Term Expires</th>
<th>Occupation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kumar Menon</td>
<td>Chairperson</td>
<td>Indefinite</td>
<td>Director of Department of Public Works</td>
</tr>
<tr>
<td>Roger Brown</td>
<td>Member</td>
<td>December 31, 2007</td>
<td>Retired, President of UAW Local 550</td>
</tr>
<tr>
<td>John Charleston</td>
<td>Member</td>
<td>December 31, 2007</td>
<td>Retired, DaimlerChrysler</td>
</tr>
<tr>
<td>Richard Rowley</td>
<td>Member</td>
<td>December 31, 2007</td>
<td>Attorney</td>
</tr>
<tr>
<td>Sue Schalk</td>
<td>Member</td>
<td>December 31, 2007</td>
<td>Business Owner</td>
</tr>
<tr>
<td>Gregory Taylor</td>
<td>Member</td>
<td>December 31, 2007</td>
<td>Attorney</td>
</tr>
<tr>
<td>Kip Tew</td>
<td>Member</td>
<td>December 31, 2007</td>
<td>Attorney</td>
</tr>
</tbody>
</table>

**Financing Plan.** A portion of the proceeds of the Series 2007 D Bonds will be used to purchase the 2007A Flood Control District Bonds. The 2007A Flood Control District Bonds are being issued to current refund all of the Refunded 1993 Flood Control District Bonds and to use the savings created as a result of refunding the Refunded 1993 Flood Control District Bonds to fund capital projects of the Flood Control District and to pay costs of issuance of the 2007A Flood Control District Bonds and the 2007B Flood Control District Bonds.

As part of the current refunding of the Refunded 1993 Flood Control District Bonds, the City, on behalf of the Flood Control District, is issuing simultaneously the 2007B Flood Control District Bonds. The 2007B Flood Control District Bonds will be provided to the trustee for the Prior Bonds, together with the proceeds from the redemption of the Refunded 1993 Flood Control District Bonds, in exchange for the release of the Refunded 1993 Flood Control District Bonds. However, the 2007B Flood Control District Bonds will not be a part of the Trust Estate securing the Series 2007 D Bonds, but will be a part of the trust estate securing bonds issued and still outstanding under the 1998A Indenture.

**Qualified Obligations of the Flood Control District.** The 2007A Flood Control District Bonds have been authorized by the Board of Public Works and the City-County Council by their respective Authorizing Instrument and will be sold to the Bond Bank. The 2007A Flood Control District Bonds are special obligations of the Flood Control District, payable out of a special bond fund created by revenues from a special ad valorem property tax to be levied annually upon all property within the Flood Control District. Under Indiana law, the City, acting through its Board of Public Works, is required to levy, each year, a special tax, upon all of the property within the Flood Control District, to meet and pay the principal of the 2007A Flood Control District Bonds as such mature, together with all accrued interest thereon. The Board of Public Works also may cause other legally available revenues to be used to pay the principal of and interest on the 2007A Flood Control District Bonds, and may take the availability of such other revenues into account in determining the amount of special tax, if any, required to be levied and collected for the purpose of paying principal of and interest on the 2007A Flood Control District Bonds. Historically, the Flood Control District has used other available revenues to pay all or a portion of the principal of and interest on the Refunded 1993 Flood Control District Bonds.
Outstanding Bonded Indebtedness. As of September 1, 2007, the Flood Control District has $15,397,000 in aggregate principal amount of special taxing district bonds outstanding (excluding unpaid, matured bonds for which funds are on deposit to pay such bonds upon presentment), which are payable from ad valorem property taxes.

The Flood Control District may issue additional bonds to finance or refinance projects in furtherance of its purpose. However, the amount and timing of the issuance of any such additional bonds are subject to a number of approvals and other conditions that cannot be predicted at the present time.

Certain Financial and Demographic Information. The Flood Control District is included within the reporting entity for the Comprehensive Annual Financial Statements of the City for the year ended December 31, 2005. See "AVAILABILITY OF DOCUMENTS AND FINANCIAL INFORMATION." The Flood Control District does not prepare separate financial statements.

THE THOROUGHFARE DISTRICT

Governance. The Board of Public Works, acting as the Board of Transportation of the City, is the governing body of the Metropolitan Thoroughfare District of the City (the "Thoroughfare District"), which, under the jurisdiction of the Department of Public Works, is a special taxing district established and existing pursuant to Indiana Code 36-9-6.5, as amended, and which has responsibility for programming, planning, designing, constructing, reconstructing and operating all thoroughfares (other than certain federal, state and interstate routes) within its boundaries, which are coterminous with the boundaries of the County. The composition of the Board of Public Works is discussed above under the caption "THE FLOOD CONTROL DISTRICT – Governance."

Financing Plan. A portion of the proceeds of the Series 2007 D Bonds will be used to purchase the 2007A Thoroughfare District Bonds. The 2007A Thoroughfare District Bonds are being issued to current refund all of the Refunded 1993 Thoroughfare District Bonds and to use the savings created as a result of refunding the Refunded 1993 Thoroughfare District Bonds to fund capital projects of the Thoroughfare District and to pay costs of issuance of the 2007A Thoroughfare District Bonds and the 2007B Thoroughfare District Bonds.

As part of the current refunding of the Refunded 1993 Thoroughfare District Bonds, the City, on behalf of the Thoroughfare District, is issuing simultaneously the 2007B Thoroughfare District Bonds. The 2007B Thoroughfare District Bonds will be provided to the trustee for the Prior Bonds, together with the proceeds from the redemption of the Refunded 1993 Thoroughfare District Bonds, in exchange for the release of the Refunded 1993 Thoroughfare District Bonds. However, the 2007B Thoroughfare District Bonds will not be a part of the Trust Estate securing the Series 2007 D Bonds, but will be a part of the trust estate securing bonds issued and still outstanding under the 1998A Indenture.

Qualified Obligations of the Thoroughfare District. The 200A7 Thoroughfare District Bonds have been authorized by the Board of Public Works and City-County Council by their respective Authorizing Instrument and will be sold to the Bond Bank. The 2007A Thoroughfare District Bonds are special obligations of the Thoroughfare District, payable out of a special bond fund created by revenues from a special ad valorem property tax to be levied annually upon all property within the Thoroughfare District. Under Indiana law, the City, acting through its Board of Public Works, is required to levy, each year, a special tax, upon all of the property within the Thoroughfare District, to meet and pay the principal of the 2007A Thoroughfare District Bonds as such mature, together with all accrued interest thereon. The Board of Public Works also may cause other legally available revenues to be used to pay the principal of and interest on the 2007A Thoroughfare District Bonds, and may take the availability of such other revenues into account in determining the amount of special tax, if any, required to be levied and collected for the purpose of paying principal of and interest on the 2007A Thoroughfare District Bonds.

Outstanding Bonded Indebtedness. As of September 1, 2007, the Thoroughfare District has $50,574,000 in aggregate principal amount of special taxing district bonds outstanding (excluding unpaid, matured bonds for which funds are on deposit to pay such bonds upon presentment), which are payable from ad valorem property taxes.

The Thoroughfare District may issue additional bonds to finance or refinance projects in furtherance of its purpose. However, the amount and timing of the issuance of any such additional bonds are subject to a number of approvals and other conditions that cannot be predicted at the present time.
Certain Financial and Demographic Information. The Thoroughfare District is included within the reporting entity for the Comprehensive Annual Financial Statements of the City for the year ended December 31, 2005. See "AVAILABILITY OF DOCUMENTS AND FINANCIAL INFORMATION." The Thoroughfare District does not prepare separate financial statements.

THE PARK DISTRICT

Governance. The Board of Parks and Recreation of the City (the "Parks Board") is the governing body of the Park District of the City (the "Park District") established and existing pursuant to Indiana Code 36-10-4, as amended, and which, under the jurisdiction of the Department of Parks and Recreation (the "Parks Department"), has responsibility for developing, maintaining and operating parks and recreational facilities within its boundaries, which are coterminous within the boundaries of Marion County. There are five members of the Parks Board. The Director of the Parks Department serves as the presiding officer. Two members of the Parks Board are appointed by the Mayor and two are appointed by the City-County Council.

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Term Expires</th>
<th>Occupation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Joseph Wynns</td>
<td>Chairperson</td>
<td>Indefinite</td>
<td>Director of Parks Department</td>
</tr>
<tr>
<td>Richard J. Cockrum</td>
<td>Member</td>
<td>December 31, 2007</td>
<td>Government Relations Executive and Business Consultant</td>
</tr>
<tr>
<td>Jacqueline S. Greenwood</td>
<td>Member</td>
<td>December 31, 2007</td>
<td>High School Principal</td>
</tr>
<tr>
<td>DeVonne Richburg-Pollard</td>
<td>Member</td>
<td>December 31, 2007</td>
<td>Business Consultant</td>
</tr>
<tr>
<td>William H. Stinson</td>
<td>Member</td>
<td>December 31, 2007</td>
<td>Vice President, Klika-Stinson</td>
</tr>
</tbody>
</table>

Financing Plan. A portion of the proceeds of the Series 2007 D Bonds will be used to purchase the 2007A Park District Bonds. The 2007A Park District Bonds are being issued to current refund all of the Refunded 1993 Park District Bonds and to use the savings created as a result of refunding the Refunded 1993 Park District Bonds to fund capital projects of the Park District and to pay costs of issuance of the 2007A Park District Bonds and the 2007B Park District Bonds.

As part of the current refunding of the Refunded 1993 Park District Bonds, the City, on behalf of the Park District, is issuing simultaneously the 2007B Park District Bonds. The 2007B Park District Bonds will be provided to the trustee for the Prior Bonds, together with the proceeds from the redemption of the Refunded 1993 Park District Bonds, in exchange for the release of the Refunded 1993 Park District Bonds. However, the 2007B Park District Bonds will not be a part of the Trust Estate securing the Series 2007 D Bonds, but will be a part of the trust estate securing bonds issued and still outstanding under the 1998A Indenture.

Qualified Obligations of the Park District. The 2007A Park District Bonds have been authorized by the Parks Board and City-County Council by their respective Authorizing Instrument and will be sold to the Bond Bank. The 2007A Park District Bonds are special obligations of the Park District, payable out of a special bond fund created by revenues from a special ad valorem property tax to be levied annually upon all property within the Park District. Under Indiana law, the City, acting through its Parks Board, is required to levy, each year, a special tax, upon all of the property within the Park District, to meet and pay the principal of the 2007A Park District Bonds as such mature, together with all accrued interest thereon. The Parks Board also may cause other legally available revenues to be used to pay the principal of and interest on the 2007A Park District Bonds, and may take the availability of such other revenues into account in determining the amount of special tax, if any, required to be levied and collected for the purpose of paying principal of and interest on the 2007A Park District Bonds.

Outstanding Bonded Indebtedness. As of September 1, 2007, the Park District has $27,750,000 in aggregate principal amount of special taxing district bonds outstanding (excluding unpaid, matured bonds for which funds are on deposit to pay such bonds upon presentment), which are payable from ad valorem property taxes. In
addition, the Park District has outstanding obligations in the principal amount of $1,310,000 payable from the net revenues of the Park District, and such obligations are not payable from ad valorem property taxes.

The Park District may issue additional bonds to finance or refinance projects in furtherance of its purpose. However, the amount and timing of the issuance of any such additional bonds are subject to a number of approvals and other conditions that cannot be predicted at the present time.

Certain Financial and Demographic Information. The Park District is included within the reporting entity for the Comprehensive Annual Financial Statements of the City for the year ended December 31, 2005. See "AVAILABILITY OF DOCUMENTS AND FINANCIAL INFORMATION." The Park District does not prepare separate financial statements.

THE SANITARY DISTRICT

Governance. The Board of Public Works is the governing body of the Sanitary District of the City (the "Sanitary District") established and existing pursuant to Indiana Code 36-9-25, as amended, and which, under the jurisdiction of the Department of Public Works, has responsibility for managing and controlling all sewage works within its boundaries, which are coterminous with the boundaries of Marion County, but excluding the municipalities of Beech Grove, Lawrence, Southport and Speedway and the Ben Davis Conservancy District. The composition of the Board of Public Works is discussed above under the caption "THE FLOOD CONTROL DISTRICT – Governance."

Financing Plan. A portion of the proceeds of the Series 2007 D Bonds will be used to purchase the 2007C Sanitary District Bonds. The 2007C Sanitary District Bonds are being issued to current refund all of the Refunded 1993 Sanitary District Bonds and to use the savings created as a result of refunding the Refunded 1993 Sanitary District Bonds to fund capital projects of the Sanitary District and to pay costs of issuance of the 2007C Sanitary District Bonds and the 2007D Sanitary District Bonds.

As part of the current refunding of the Refunded 1993 Sanitary District Bonds, the City, on behalf of the Sanitary District, is issuing simultaneously the 2007D Sanitary District Bonds. The 2007D Sanitary District Bonds will be provided to the trustee for the Prior Bonds, together with the proceeds from the redemption of the Refunded 1993 Sanitary District Bonds, in exchange for the release of the Refunded 1993 Sanitary District Bonds. However, the 2007D Sanitary District Bonds will not be a part of the Trust Estate securing the Series 2007 D Bonds, but will be a part of the trust estate securing bonds issued and still outstanding under the 1998A Indenture.

Qualified Obligations of the Sanitary District. The 2007C Sanitary District Bonds have been authorized by the Board of Public Works and City-County Council by their respective Authorizing Instrument and will be sold to the Bond Bank. The 2007C Sanitary District Bonds are special obligation bonds of the Sanitary District, payable out of a special bond fund created by revenues from a special ad valorem property tax to be levied annually upon all property within the Sanitary District. Under Indiana law, the City, acting through its Board of Public Works, is required to levy, each year, a special tax, upon all of the property within the Sanitary District, to meet and pay the principal of the 2007C Sanitary District Bonds as such mature, together with all accrued interest thereon. The Board of Public Works also may cause other legally available revenues to be used to pay the principal of and interest on the 2007C Sanitary District Bonds, and may take the availability of such other revenues into account in determining the amount of special tax, if any, required to be levied and collected for the purpose of paying principal of and interest on the 2007C Sanitary District Bonds. Historically, the Sanitary District has used other available revenues to pay all or a portion of the principal of and interest on the Refunded 1993 Sanitary District Bonds.

Outstanding Bonded Indebtedness. As of September 1, 2007, the Sanitary District has $66,778,000 in aggregate principal amount of special taxing district bonds outstanding (excluding unpaid, matured bonds for which funds are on deposit to pay such bonds upon presentment), which are payable from ad valorem property taxes. In addition, the Sanitary District has outstanding obligations in the principal amount of $413,668,000 payable from the net revenues of the Sanitary District, and such obligations are not payable from ad valorem property taxes.

The Sanitary District may issue additional bonds to finance or refinance projects in furtherance of its purpose. However, the amount and timing of the issuance of any such additional bonds are subject to a number of approvals and other conditions that cannot be predicted at the present time.
Certain Financial and Demographic Information. The Sanitary District is included within the reporting entity for the Comprehensive Annual Financial Statements of the City for the year ended December 31, 2005. See "AVAILABILITY OF DOCUMENTS AND FINANCIAL INFORMATION." The Sanitary District does not prepare separate financial statements.
APPENDIX B
FORM OF APPROVING BOND COUNSEL OPINION

November 8, 2007

The Indianapolis Local Public Improvement Bond Bank
Indianapolis, Indiana

Re: $69,065,000 The Indianapolis Local Public Improvement Bond Bank Refunding Bonds, Series 2007 D

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by The Indianapolis Local Public Improvement Bond Bank (the “Issuer”) of $69,065,000 original aggregate principal amount of its Bonds, Series 2007 D, dated the date hereof (the “Bonds”), pursuant to Indiana Code Section 5-1.4, as amended, and a Trust Indenture between the Issuer and The Bank of New York Trust Company, N.A., as trustee, dated as of November 1, 2007 (the “Indenture”), for the purpose of providing funds to purchase certain qualified obligations identified in the Indenture. We have examined the law and such certified proceedings for the authorization, issuance and sale of the Bonds and such other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the Issuer contained in the Indenture, the certified proceedings for the authorization, issuance and sale of the Bonds and other certifications of public officials furnished to us, and certifications, representations and other information furnished to us by or on behalf of the Issuer and others, including certifications contained in the tax and arbitrage certificate of the Issuer, dated the date hereof, without undertaking to verify the same by independent investigation. We have relied upon the legal opinions of Corporation Counsel to the City of Indianapolis, dated the date hereof, as to the matters stated therein. We have also relied on the report of Umbaugh, dated the date hereof as to the matters stated therein.

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

1. The Issuer is a body corporate and politic validly existing under Indiana Code 5-1.4, with the corporate power to execute and deliver the Indenture and to issue, execute and deliver the Bonds.

2. The Bonds have been duly authorized, executed and delivered by the Issuer, and are valid and binding limited obligations of the Issuer, enforceable in accordance with their terms. The Bonds are payable solely from the Trust Estate (as defined in the Indenture).

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

4. Under Section 103 of the Internal Revenue Code of 1986, as amended and in effect on this date (the “Code”), the interest on the Bonds is excludable from gross income for federal income tax purposes. The opinion set forth in the preceding sentence is subject to the condition that each of the Issuer and Qualified Entities (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, excluded from gross income for federal income tax purposes. Each of the Issuer and the Qualified Entities has covenanted or represented that it will comply
with such requirements. Failure to comply with certain of such requirements may cause the interest on the Bonds to become included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds.

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

6. Interest on the Bonds is exempt from income taxation in the State of Indiana (the “State”) for all purposes except the State financial institutions tax.

We express no opinion herein as to the accuracy, completeness or sufficiency of the Official Statement dated September 7, 2007, or any other offering material relating to the Bonds.

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

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

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

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

Definitions

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

“Accounts” means the accounts created under the Indenture, except the Rebate Principal Account and the Rebate Income Account.

“Act” means the provisions of Indiana Code 5-1.4, as from time to time amended.

“Additional Bonds” means Bonds issued pursuant to the Indenture which are issued on a parity with the Series 2007 D Bonds and includes Refunding Bonds.

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

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

“Bond Counsel” means Counsel that is nationally recognized in the area of municipal law and matters relating to the exclusion of interest on municipal bonds from gross income under federal tax law.

“Bondholder” or “holder of Bonds” or “owner of Bonds” or any similar term means the registered owner of any Bond, including the Bond Bank, and any purchaser of Bonds being held for resale, including the Bond Bank.

“Bond Issuance Expense Account” means the account by that name created under the Indenture.

“Bonds” means any of The Indianapolis Local Public Improvement Bond Bank Bonds issued pursuant to the Indenture and any Supplemental Indenture.

“Book entry” or “book entry system” means, with respect to the Series 2007 D Bonds, a form or system, as applicable, under which (i) the ownership of beneficial interests in Series 2007 D Bonds and principal and interest due thereon may be transferred only through a book entry and (ii) physical bond certificates in fully registered form are registered only in the name of the Depository Company or its nominee as holder, with the physical bond certificates “immobilized” in the custody of the Depository Company. The book entry system maintained by and the responsibility of the Depository Company and not maintained by or the responsibility of the Bond Bank or the Trustee is the record that identifies, and records the transfer of the interests of, the owners of beneficial (book entry) interests in the Series 2007 D Bonds.

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

“City” means the City of Indianapolis, Indiana.

“City Controller” means the Controller of the City.

“Code” means the Internal Revenue Code of 1986, as amended and in effect on the date of issuance of any Series of Bonds, and the applicable judicial decisions and published rulings, or any applicable regulations...
promulgated or proposed thereunder or under the Internal Revenue Code of 1954 as in effect immediately prior to

“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 Bonds, which items of expense shall include, but not be
limited to, bond insurance premiums, credit enhancement or liquidity facility fees, printing costs, costs of
reproducing documents, filing and recording fees, initial fees and charges of the Trustee and Registrar, underwriting
fees or discounts, legal fees and charges, professional consultants’ fees, costs of credit ratings, fees and charges for
execution, transportation and safekeeping of bonds, costs and expenses of refunding and other costs, charges and
fees in connection with the foregoing and any other costs of a similar nature authorized by the Act.

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

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

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

“Escrow Agreement” means the Escrow Agreement, dated as of November 1, 2007, by and among the
Bond Bank, the Escrow Agent, and the trustee or paying agent for the Refunded Bonds, relating to the refunding of
the Refunded Bonds.

“Escrow Agent” means The Bank of New York Trust Company, N.A., as the escrow agent under the
Escrow Agreement.

“Event of Default” means any occurrence or event specified 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 Entities.

“Fiscal Year” means the twelve month period from January 1 through the following December 31, which is
the fiscal year for the Bond Bank, the City and the District.

“Flood Control District” means the Flood Control District of the City, a qualified entity under the Act.

“Funds” means the funds created under the Indenture, except the Rebate Fund.

“General Account” means the account by that name created under the Indenture.

“General Fund” means the fund by that name created under the Indenture.

“Governmental Obligations” means (a) direct obligations of the United States of America or obligations the
timely payment of the principal of and interest on which are unconditionally guaranteed by the United States of
America, including but not limited to securities evidencing ownership interests in such obligations or in specified
portions thereof (which may consist of specific portions of the principal of or interest on such obligations) and
securities evidencing ownership interests in open-end management type investment companies or investment trusts
registered under the Investment Company Act of 1940, as amended, whose investments are limited to such
obligations and to repurchase agreements fully collateralized by such obligations, and (b) obligations of any state of
the United States of America or any political subdivision thereof, the full payment of principal of, premium, if any,
and interest on which (i) are unconditionally guaranteed or insured by the United States of America, or (ii) are
provided for by an irrevocable deposit of securities described in clause (a) and are not subject to call or redemption by the issuer thereof prior to maturity or for which irrevocable instructions to redeem have been given.

“Indenture” means the Trust Indenture, dated as of November 1, 2007, between the Bond Bank and the Trustee, and all supplements and amendments entered into pursuant to the Indenture.

“Interest Payment Date” means any date on which interest is payable on the Bonds.

“Investment Earnings” means earnings and profits on the moneys in the Funds and Accounts established under the Indenture, except the Rebate Fund.

“Investment Securities” means any of the following: (i) Governmental Obligations; (ii) bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies: Export-Import Bank, Farmers Home Administration, Federal Financing Bank, Federal Housing Administration, Government National Mortgage Association, Maritime Administration, Public Housing Authorities, Banks for Cooperatives, Federal Farm Credit Banks, Federal Intermediate Credit Bank, Federal Home Loan Bank and Federal Land Bank; (iii) certificates of deposit, savings accounts, deposit accounts or depository receipts of a bank, savings and loan associations and mutual savings banks, including the Trustee, each fully insured by the Federal Deposit Insurance Corporation; (iv) bankers’ acceptances or certificates of deposit of commercial banks or savings and loan associations, including the Trustee, which mature not more than one year after the date of purchase; provided the banks or savings and loan associations (rather than their holding companies) are rated for unsecured debt at the time of purchase of the investments in the two highest full classifications established by Moody’s Investors Service and Standard & Poor’s Ratings Group; (v) commercial paper rated at the time of purchase in the single highest full classification by Moody’s Investors Service and Standard & Poor’s Ratings Group and which matures not more than two hundred and seventy (270) days after the date of purchase; (vi) investment agreements fully and properly secured at all times by collateral security described in (i), (ii) or (iii) above or issued by entities rated in the single highest full classification by Moody’s Investors Service and Standard & Poor’s Ratings Group when such agreement was entered into; and (vii) repurchase agreements with any bank or trust company organized under the laws of any state of the United States of America or any national banking association (including the Trustee) or government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York, which agreement is secured by any one or more of the securities described in clauses (i), (ii) or (iii) above; provided, underlying securities are required by the repurchase agreement to be continuously maintained at a market value not less than the amount so invested.

“Metropolitan Thoroughfare District” means the Metropolitan Thoroughfare District of the City, a qualified entity under the Act.

“Net Proceeds” means the proceeds received from the Underwriters pursuant to the Purchase Contract, including accrued interest.

“Opinion of Bond Counsel” means a written opinion of Bond Counsel which opinion is acceptable to the Bond Bank and the Trustee.

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

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

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

(b) Bonds deemed paid under the Indenture; and
(c) Bonds in lieu of which other Bonds have been authenticated under the Indenture or under any Supplemental Indenture.

“Park District” means the Park District of the City, a qualified entity under the Act.

“Paying Agent” means initially The Bank of New York Trust Company, N.A., a national banking association organized and existing under the laws of the United States of America or any successor thereto.

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

“Program” means the program for the purchase of Qualified Obligations by the Bond Bank pursuant to the Act and the Indenture.

“Program Expenses” means all of the Bond Bank’s expenses in carrying out and administering the Program pursuant to the Indenture and shall include, without limiting the generality of the foregoing, salaries, supplies, utilities, mailing, labor, materials, office rent, maintenance furnishings, equipment, machinery and apparatus, telephone, insurance premiums, credit enhancement fees, liquidity facility fees, legal, accounting, management, consulting and banking services and expenses, fees and expenses of the Trustee and the Registrar and Paying Agent, costs of verifications required under the Indenture, Costs of Issuance not paid from the proceeds of Bonds, travel, payments for pension, retirement, health and hospitalization, life and disability insurance benefits, any other costs permitted under the Act, and rebates, if any, which in the Opinion of Bond Counsel are required to be made under the Code in order to preserve or protect the exclusion from gross income for federal tax purposes of interest on the Bonds, all to the extent properly allocable to the Program.

“Purchase Agreements” means the Qualified Entity Purchase Agreements between the Bond Bank and the Sanitary District, the Flood Control District, the Metropolitan Thoroughfare District and the Park District, respectively, relating to the acquisition of the Refunding Qualified Obligations.

“Purchase Contract” means the Bond Purchase Agreement for the Series 2007 D Bonds between the Bond Bank and the Underwriters, which was approved at the meeting of the Board of Directors of the Bond Bank on March 19, 2007.

“Qualified Entity” means an entity defined in IC 5-1.4-1-10, as amended from time to time, including the Sanitary District, the Flood Control District, the Metropolitan Thoroughfare District and the Park District.

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

“Qualified Obligation Interest Payment” means that portion of a Qualified Obligation Payment made or required to be made by a Qualified Entity to the Bond Bank which represents the interest due or to become due on the Qualified Entity’s Qualified Obligation.

“Qualified Obligation Payment” means the amounts paid or required to be paid, from time to time, for principal and interest by a Qualified Entity to the Bond Bank on any Qualified Obligation and any Fees and Charges paid as required by the Bond Bank under the provisions of any agreement for the purchase and sale of Securities.

“Qualified Obligation Principal Payment” means that portion of a Qualified Obligation Payment made or required to be made by a Qualified Entity to the Bond Bank which represents the principal due or to become due on the Qualified Entity’s Qualified Obligation.

“Rebate Fund” means the fund of that name established under the Indenture.

“Rebate Income Account” means the account by that name created under the Indenture.

“Rebate Principal Account” means the account by that name created under the Indenture.
“Record Date” means, with respect to any Interest Payment Date, the fifteenth day of the calendar month immediately preceding the month of such Interest Payment Date.

“Redemption Account” means the account by that name created under the Indenture.

“Refunded Bonds” means that portion of the outstanding Series 1998 A Bonds, which are outstanding in the aggregate principal amount of $68,205,000, and mature on or after February 1, 2014.

“Refunding Bonds” means Bonds issued under the Indenture and any Supplemental Indenture.

“Refunding Qualified Obligation” means any Qualified Obligation issued to refund any Qualified Obligation.

“Registrar” means initially The Bank of New York Trust Company, N.A., in Indianapolis, Indiana, a national banking association organized and existing under the laws of the United States of America or any successor thereto.

“Revenues” means the income, revenues and profits of the Funds and Accounts established under the Indenture including, without limitation, all Investment Earnings and Qualified Obligation Payments, but excluding amounts required to be deposited and maintained in the Rebate Fund.

“Sanitary District” means the Sanitary District of the City, a qualified entity under the Act.


“Series 2007 D Bonds” means the Bonds issued under, and authorized by, the Indenture.

“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.

“State” means the State of Indiana.

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

“2007 Refunding Qualified Obligations” means, collectively, the City of Indianapolis, Indiana Flood Control District Refunding Bonds of 2007, Series A, the City of Indianapolis, Indiana Park District Refunding Bonds of 2007, Series A, the City of Indianapolis, Indiana Sanitary District Refunding Bonds of 2007, Series C and the City of Indianapolis, Indiana Metropolitan Thoroughfare District Refunding Bonds of 2007, Series A.

“Trustee” means initially The Bank of New York Trust Company, N.A., a national banking association organized and existing under the laws of the United States of America, or any successor Trustee.

“Trust Estate” means the property, rights, money and amounts and all payments pledged and assigned to the Trustee pursuant to the granting clauses.

Revenues, Funds And Accounts

A. Creation of Funds and Accounts.

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

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

2. Rebate Fund-comprised of the following:
   (a) Rebate Principal Account; and
   (b) Rebate Income Account.

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

The Trustee will deposit the Net Proceeds from the sale of each series of Bonds, as follows:

   (a) into the General Account, the sum necessary to pay funded Program Expenses;

   (b) into the Bond Issuance Expense Account the sum necessary to pay the Costs of Issuance (other than the Underwriters’ discount); and

   (c) into the General Account the remainder of the Net Proceeds of the Bonds.

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

Operation Of Funds And Accounts

A. General Fund.

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

   (a) On the date of initial delivery of the Bonds and upon submission of duly authorized written requisitions of an Authorized Officer stating that all requirements for the purchase of 2007 Refunding Qualified Obligations under the Act and the Indenture have been met, to each of the appropriate Qualified Entities for the purchase of the 2007 Refunding Qualified Obligations.

   (b) At 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 Paying Agent such amount as may be necessary to pay the principal and interest coming due on the Bonds outstanding under the Indenture on such Interest Payment Date.

   (c) As necessary and in accordance with the Indenture, such amounts, as may be necessary to pay the reasonable Program Expenses.

   (d) At the direction of the Bond Bank, any amount necessary to comply with the rebate requirement of Section 148(f) of the Code, to the extent such amounts are not obtained as Fees and Charges.

   (e) After making such deposits and disbursements, to the Bond Bank any amounts in excess of amounts needed to pay principal and interest on the outstanding Bonds within the following twelve months.
months after taking into account currently available money in the General Account plus those amounts which the Trustee reasonably expects to be received as Qualified Obligation Payments during such twelve-month period. However, the Bond Bank must supply the Trustee with a Cash Flow Certificate to the effect that, after such transfer, Revenues expected to be received and money expected to be held in the Funds and Accounts will at least equal debt service on all outstanding Bonds.

2. **Redemption Account.** The Trustee will deposit in the Redemption Account all money received from the sale or redemption prior to maturity of Qualified Obligations by the Bond Bank and all other money required to be deposited therein pursuant to the provisions of the Indenture and will disburse the funds in the Redemption Account as follows:

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

   (b) On the second business day prior to each Interest Payment Date, to the General Account such amounts as are not already committed to the redemption of Bonds for which notice of redemption has already been given and as may be necessary to pay the principal and interest coming due on the Bonds on such Interest Payment Date in the event and to the extent that money available in the General Account are not sufficient for such payments.

   (c) After providing for the required transfers to the General Account, (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 purchase Qualified Obligations permitted by the Indenture, (iii) to the extent there are any excess money in the Redemption Account, to transfer to the General Account as provided in the Indenture, (iv) to purchase Bonds of such maturity or maturities as directed by an Authorized Officer of the Bond Bank at the most advantageous price obtainable with reasonable diligence, whether or not such Bonds are then subject to redemption, or (v) to invest such money until the maturity or maturities of the Bonds as directed by an Authorized Officer of the Bond Bank in accordance with the defeasance provisions of the Indenture, regardless of whether such Bonds are then subject to redemption at the most advantageous price obtainable with reasonable diligence and not in excess of the applicable redemption price for such Bonds unless the Bond Bank provides the Trustee with a Cash Flow Certificate to the effect that a purchase of Bonds at a price in excess of the applicable redemption price will not cause Revenues expected to be received subsequent to such purchase to be less than debt service on all outstanding Bonds.

   (d) If the Trustee is unable to purchase Bonds in accordance with subparagraph (c) above, then, subject to restrictions on redemption set forth in the Indenture (see “The Bonds - Redemption”) and subject to the immediately following paragraph, 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 as will exhaust the Redemption Account as nearly as 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.

   The Trustee may, upon written direction from the Bond Bank, transfer any money 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 money expected to be held in the Funds and Accounts, would at least equal debt service on all outstanding Bonds.

3. **Bond Issuance Expense Account.** The Trustee will deposit in the Bond Issuance Expense Account the money required to be deposited by the Indenture, will invest such funds pursuant to the Indenture and will disburse the funds held in the Bond Issuance Expense Account upon receipt of acceptable invoices or requisitions certified by an Authorized Officer of the Bond Bank, to pay the Costs of Issuance of the Bonds or to reimburse the Bond Bank for amounts previously advanced for such costs and to transfer money therefrom to the General Account. In making disbursements from the Bond Issuance Expense Account, the Trustee may rely upon such invoices or requisitions without further investigation. The Trustee will transfer remaining money to the General Account ninety days after the issuance of the Bonds.
B. **Rebate Fund.**

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

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

C. **Amounts Remaining in Funds.**

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

D. **Investment of Funds.**

Any money held as a part of any Fund or Account under the Indenture (except the Redemption Account) will be invested and reinvested at the written direction of the Bond Bank at all times as continuously as reasonably possible by the Trustee in Investment Securities. Any money in the Redemption Account will be invested only in Government Obligations. Any money in the Rebate Fund will be invested as directed by the Bond Bank. All such investments will at all times be a part of the Fund or Account from which money were used to acquire such investments, and all Investment Earnings will be deposited as received in the General Account, except for income and profits on investment of funds in the Rebate Fund which will remain in the Rebate Fund. Any investment losses from an Investment Security will be charged to the Fund or Account from which money were employed to invest in such Investment Security, and the Trustee will not be liable for any investment losses for so long as the Trustee complies with the provisions of the Indenture. Money in any Fund or Account (including the Rebate Fund) will be invested in Investment Securities with maturity dates (or redemption dates determined by the Bond Bank at the Bond Bank’s option) coinciding as nearly as practicable with the times at which money in such Funds or Accounts (including the Rebate Fund) will be required for transfer or disbursement under the Indenture. The Trustee will sell and reduce to cash sufficient amounts of such Investment Securities in a respective Fund or Account (including the Rebate Fund) as may be necessary to make up a deficiency in any amounts required to be disbursed from such Fund or Account.

Obligations purchased as investments of money in any Fund or Account (including the Rebate Fund) with a stated maturity of less than two years will be valued at cost, including accrued interest paid and unamortized debt discount. All other such obligations will be valued at the lower of cost, including accrued interest paid and unamortized debt discount, or market price, whichever is lower, exclusive of earned accrued interest, except for securities covered by repurchase agreements which will be valued at the market value of the collateral securing such agreements.

**Bond Bank Covenants**

The Bond Bank covenants and agrees that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in the Indenture, in any and every Bond executed, authenticated and delivered under the Indenture and in all of its related proceedings. The Bond Bank covenants and represents that it is duly authorized under the constitution and laws of the State, including particularly the Act, to issue the Bonds, to execute the Indenture and to pledge the Revenues and all other property pledged under the Indenture in the manner and to the extent set forth in the Indenture; that all action on its part for the issuance of the Bonds and the execution and delivery of the Indenture has been duly and effectively taken, and that the Bonds in the hands of their owners are and will be valid and enforceable limited obligations of the Bond Bank according to the terms of the Bonds and the Indenture.
In order to provide for the payment of the principal of, premium, if any, and interest on the Bonds and Program Expenses, the Bond Bank will, as necessary from time to time in accordance with the Act, the Indenture and sound banking practices and principles, (i) undertake all necessary actions to receive and collect Revenues, including enforcement of the prompt collection of any arrears on Qualified Obligation Payments, and (ii) diligently enforce and undertake all actions and proceedings reasonably necessary in the judgment of the Bond Bank to protect its rights with respect to or to maintain any insurance on Qualified Obligations and to enforce all terms, covenants and conditions of Qualified Obligations including the collection, custody and prompt application of all escrow payments required by the terms of a Qualified Obligation for designated purposes. Whenever necessary to provide for the payment of debt service on the Bonds, the Bond Bank will commence also to pursue appropriate remedies with respect to any Qualified Obligation held by the Bond Bank which is in default.

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

(a) The Bond Bank will not permit or agree to any material change in any Qualified Obligation unless the Bond Bank supplies the Trustee with a Cash Flow Certificate, to the effect that after such change, Revenues expected to be received and other available money in Funds and Accounts will at least equal debt service on all Outstanding Bonds.

(b) The Bond Bank will also enforce or authorize the enforcement of all remedies available to owners or holders of Qualified Obligations, unless (i) 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 and money expected to be held in the Funds and Accounts will at least equal debt service on all Outstanding Bonds and (ii) the Trustee determines that failure to enforce such remedies will not adversely affect the interests of the Bondholders in any material way.

(c) The Bond Bank will not sell or dispose of any Qualified Obligations unless (i) the Bond Bank provides the Trustee with a Cash Flow Certificate, to the effect that after such sale, Revenues expected to be received and money expected to be held in the Funds and Accounts, minus any proceeds of such sale to be transferred from any Fund or Account, will at least equal the debt service on all Outstanding Bonds and (ii) the Trustee determines that such sale or disposition will not adversely affect the interests of the Bondholders in any material way. Proceeds of such sales will be invested only in Government Obligations or in Qualified Obligations or disbursed as provided in the Indenture.

**Cash Flow Certificates and Verifications**

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

(a) the Revenues expected to be received on all Qualified Obligations purchased with proceeds of the Bonds;

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

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

(d) the principal and interest due on all Bonds expected to be Outstanding during each Fiscal Year.

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 must also supply supporting schedules appropriate to show the sources and applications of funds used, identifying particularly amounts to be transferred between Funds, amounts to be applied to the redemption or payment of Bonds and amounts to be used to provide for Costs of Issuance, the debt service reserve and capitalized interest, if any, for the respective series. In the case of each annual Cash Flow Certificate, the amounts of existing Qualified Obligations, existing Investment Securities and existing cash will be the amounts as of the last day of the preceding Fiscal Year. In the case of any other Cash Flow Certificate such amounts 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 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.

The Bond Bank or the Trustee from time to time may cause a firm of independent certified public accountants of national standing or other nationally recognized attorneys or experts to supply the Bond Bank and the Trustee with such information as the Bond Bank or the Trustee may request in order to determine in a manner reasonably satisfactory to the Bond Bank and the Trustee all matters relating to (a) the sufficiency of projected cash flow receipts and disbursements with respect to the Funds and Accounts to pay the principal of and interest on the Bonds and Program Expenses; (b) the actuarial yields on the Outstanding Bonds as the same may relate to any data or conclusions necessary to verify that the Bonds are not arbitrage bonds within the meaning of Section 148 of the Code; (c) the yields on any obligations acquired and held by the Bond Bank or the Trustee; (d) the rebate calculations required by the Indenture; and (e) compliance with the tax covenants in the Indenture.

Tax Covenants and Reliance on Opinions

The Bond Bank covenants that it will not take any action or fail to take any action with respect to the Bonds that would result in the loss of the 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. The Bond Bank further covenants that it will not make any investment or do any other act or thing during the period that the Bonds are Outstanding which would cause the Bonds to be arbitrage bonds within the meaning of Section 148 of the Code. These covenants of the Bond Bank are based solely on current law in effect and in existence on the date of delivery of the particular series of Bonds.

It will not be an event of default under the Indenture if the interest on any of the Bonds is not excludable from gross income for federal tax purposes or otherwise pursuant to any provision of the Code as amended and supplemented, 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 will not apply to such series of Bonds.

Accounts and Reports

The Bond Bank will keep proper books of records and accounts (separate from all other records and accounts) in which complete and correct entries will be made of its transactions relating to the Program and the Funds and Accounts established by the Indenture and to the Rebate Fund. Such books and all other books and papers of the Bond Bank and all Funds and Accounts and the Rebate Fund will, at all reasonable times, be subject to the inspection of the Trustee and the owners of an aggregate of not less than five percent (5%) in principal amount of Bonds then Outstanding or their representatives duly authorized in writing. The permissive right of inspection by the Trustee will not be construed as a duty.
Before the twentieth day of each month or as directed by the Bond Bank (but not less than quarterly), the
Trustee will provide the Bond Bank with a statement of the amounts on deposit in each Fund and Account as of the
last day of the preceding month and the total deposits to and withdrawals from each Fund and Account during the
preceding month.

Within one hundred and eighty (180) days after the close of each Fiscal Year, the Bond Bank will file with
the Trustee a copy of an annual report of the operations of the Bond Bank during such Fiscal Year and audited
financial statements prepared in conformity with generally accepted accounting principles by an accounting firm
appointed by the Bond Bank and approved by the Trustee, and as further specified in the Indenture.

**Covenant to Monitor Investments**

The Bond Bank covenants and agrees to review regularly the investments held by the Trustee in the Funds
and Accounts under the Indenture in order to assure that the Revenues derived from such investments are sufficient
to pay, together with other anticipated Revenues, the debt service on all Bonds Outstanding.

**Limitation on Additional Bonds**

Additional Bonds may be issued under the Indenture only to refund, directly or indirectly, Bonds issued
under the Indenture, or to purchase Refunding Qualified Obligations.

The Indenture creates a continuing pledge and lien to secure the full and final payment of the principal of,
redemption premium, if any, and interest on all Bonds and authorizes the issuance of one or more series of
Additional Bonds under separate Supplemental Indentures. The Indenture establishes the requirements for each
Supplemental Indenture and provides that no series of Bonds will be issued under a Supplemental Indenture unless
certain conditions are met.

**Discharge of Indenture**

If payment or provision for payment is made to the Trustee of the principal of, and interest on, the Bonds
due and to become due 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 limited obligations of the Bond Bank payable only out of the
money or securities held by the Trustee for the payment of the principal of, redemption premium, if any, and interest
on the Bonds.

Any Bond or series of Bonds or portion thereof will be deemed to be paid when payment of the principal of
that Bond or series of Bonds, plus interest to its due date, either (i) has been 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, (A)
money sufficient to make such payment, (B) noncallable or nonprepayable Governmental Obligations maturing as to
principal and interest in such amounts and at such times, without consideration of any reinvestments thereof, as will
ensure the availability of sufficient money to make such payments, or (C) a combination of such money and
Governmental Obligations, and all necessary and proper fees and expenses of the Trustee pertaining to the Bonds
with respect to which such deposit is made have been paid or deposited with the Trustee.

**Defaults and Remedies**

A. **Events of Default.**

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

(a) The Bond Bank defaults in the due and punctual payment of any interest on any Bond;
(b) The Bond Bank defaults in the due and punctual payment of the principal of any Bond, whether at stated maturity or on any date fixed for mandatory sinking fund redemption;

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

(d) The Bond Bank defaults in carrying out any of its other covenants, agreements or conditions contained in the Indenture or in the Bonds and fails to remedy such Event of Default within sixty (60) days after receipt of notice, all in accordance with the Indenture;

(e) Any warranty, representation or other statement by or on behalf of the Bond Bank contained in the Indenture or in any instrument furnished in compliance with or in reference to the Indenture is found to be false or misleading in any material respect when made and there has been a failure to remedy such Event of Default within sixty (60) days after receipt of notice, all in accordance with the Indenture;

(f) A petition is filed against the Bond Bank to the extent such petition may be filed under applicable law, under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect, and is not dismissed within sixty (60) days after such filing;

(g) The Bond Bank files a petition, to the extent such petition may be filed under applicable law, in voluntary bankruptcy or seeking relief under any provisions of any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect, or consents to the filing of any petition against it under such law;

(h) The Bond Bank is generally not paying its debts as such debts become due, or becomes insolvent or bankrupt or makes an assignment for the benefit of creditors, or liquidator or trustee of the Bond Bank or any of its property is appointed by court order or takes possession and such order remains in effect or such possession continues for more than sixty (60) days; or

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

B. Trustee’s Rights and Remedies.

No default under subparagraphs (d) or (e) above will constitute an Event of Default until actual notice of the default by registered or certified mail has been given to the Bond Bank by the Trustee or by the owners of not less than twenty-five percent (25%) in aggregate principal amount of all Bonds then Outstanding and the Bond Bank has had sixty (60) days after receipt of the notice to correct such default within the applicable period. If such default is correctable but cannot be corrected within the applicable period, it will not constitute an Event of Default if corrective action is instituted by the Bond Bank within the applicable period and diligently pursued until the default is corrected.

Upon the occurrence of an Event of Default, the Trustee will notify the owners of the 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 or by statute to enforce the payment of the principal of and interest on Outstanding Bonds, including enforcement of any rights of the Bond Bank or the Trustee under the Qualified Obligations;

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

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

(d) If the Trustee certifies that there are sufficient money on deposit in the Funds and Accounts to pay principal of and accrued interest on all Bonds Outstanding, the Trustee may declare the principal of and accrued interest on all Bonds to be due and payable immediately in accordance with the provisions of the Indenture and the Act, by notice to the Bond Bank and the Corporation Counsel of the City.

If an Event of Default has occurred, if requested to do so in writing by the owners of twenty-five percent (25%) or more in aggregate principal amount of Outstanding Bonds and if indemnified as provided in the Indenture, the Trustee will be obligated to exercise such of the rights, remedies and powers conferred by the Indenture, as the Trustee, being advised by Counsel, deems most expedient in the interests of the owners of the Bonds.

The owners of a majority in aggregate principal amount of Outstanding Bonds will have the right, at any time during the continuance of an Event of Default, by a written instrument or instruments executed and delivered to the Trustee, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture or for the appointment of a receiver or any other proceedings under the Indenture. However, such direction may not be otherwise than in accordance with the provisions of law and of the Indenture.

C. **Waivers of Events of Default.**

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

D. **Rights and Remedies of Owners of Bonds.**

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

If any Bond issued under the Indenture is not presented for payment when the principal becomes due, either at maturity, or at the date fixed for redemption, 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 or Paying Agent 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 or Paying Agent to hold such funds for four (4) 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 or Paying Agent in trust for the payment of the principal of and interest on the Bonds and remaining unclaimed by any Bondholder for four (4) years after the date on which the same becomes due will be repaid by the Trustee or Paying Agent to the Bond Bank and thereafter the Bondholders will be entitled to look only to the Bond Bank for payment, and then only to the extent of the amount so repaid, and the Bond Bank will not be liable for any interest thereon to the Bondholders and will not be regarded as a trustee of such money.

Other Obligations Payable from Revenues

The Bond Bank will grant no liens or encumbrances on or security interests in the Trust Estate (other than those created by the Indenture), and, except for Bonds issued under the Indenture, will issue no bonds or other evidences of indebtedness payable in whole or in part 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 Trust Estate and will be a valid claim of the respective owners thereof only against the Trust Estate which is assigned and pledged for the equal and ratable payment of such 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, obligation or liability of the State, any political subdivision thereof, the City or any Qualified Entity under the constitution of the State or a pledge of the faith and credit of the City, the State, any political subdivision thereof or any Qualified Entity but will be payable solely from the Trust Estate 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 City, the State, any political subdivision thereof or any Qualified Entity 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 City, the State, any political subdivision thereof or any Qualified Entity within the meaning of the constitution of the State or the statutes of the State and such Bonds do not now and will never constitute a charge against the credit or taxing power of the City, the State or any political subdivision thereof or any Qualified Entity. Neither the City, the State or any Qualified Entity nor any agent, attorney, member, officer, director or employee of the City, the State or any Qualified Entity or of the Bond Bank, will in any event be liable for the payment of the principal of, and damages, if any, or interest on the Bonds or for the performance 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 City, the State or any Qualified Entity or any of the City’s, the State’s, any Qualified Entity’s or the Bond Bank’s agents, members, attorneys, officers, directors and employees or any charge upon the general credit of the City, the State, or any Qualified Entity or a charge against the taxing power of the City, the State, any political subdivision thereof or any Qualified Entity.

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, agent or employee of the Bond Bank, the City or any Qualified Entity or any officer, member, director, trustee, agent or employee of any successor entities thereto, as such, either directly or through the Bond Bank, the City or any Qualified Entity or any successor entities, under any rule of law or equity, statute or constitution or by
the enforcement of any assessment or penalty or otherwise, and all such liability of any such officers, members, directors, trustees, agents, or employees as such, is hereby expressly waived and released as a condition of and consideration for the execution of the Indenture and issuance of such Bonds.

**Supplemental Indentures**

The Bond Bank and the Trustee may, without the consent of, or notice to, any of the owners of Bonds, enter into any indenture or indentures supplemental to the Indenture for any one or more of the following purposes:

(a) To cure any ambiguity, formal defect or omission in the Indenture;

(b) To grant to or confer upon the Trustee for the benefit of the owners of Bonds any additional benefits, rights, remedies, powers or authorities that may lawfully be granted to or conferred upon the owners of Bonds or the Trustee;

(c) To make any modification or amendment of the Indenture which the Trustee determines will not have a material adverse effect on the interests of the bondholders; provided, however, that the Bond Bank and the Trustee will make no amendment which would permit the purchase of obligations of other than Refunding Qualified Obligations;

(d) To subject to the lien of the Indenture additional Revenues, security, properties or collateral;

(e) To modify, amend or supplement the Indenture or any Supplemental Indenture in order to permit the qualification under the Trust Indenture Act of 1939 or any similar federal statute hereafter in effect or to permit the qualification of the Bonds for sale under the securities laws of the United States of America or of any of the states of the United States of America, and, if the Bond Bank and the Trustee so determine, to add to the Indenture or to any Supplemental Indenture such other terms, conditions and provisions as may be permitted to the Trust Indenture Act of 1939 or similar federal statute and which will not have a material adverse effect on the interest of the Bondholders;

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

(g) To provide for the issuance of each series of Additional Bonds to the extent permitted by the Indenture, other than the Series 2007 D Bonds;

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

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

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

Trustee

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

The Trustee covenants and agrees to retain or cause its agent to retain possession of each Qualified Obligation and a copy of the transcript or documents related thereto and release them only in accordance with the provisions of the Indenture. The Bond Bank and the Trustee covenant and agree that all books and documents in their possession relating to the Qualified Obligations shall 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 thirty (30) days’ written notice by registered or certified mail to the Bond Bank and the owner of each Bond issued under the Indenture, and such resignation will take effect upon the appointment of a successor Trustee and acceptance of such appointment by the successor Trustee. Upon resignation of the Trustee, the Bond Bank will, as soon as practicable, appoint a successor Trustee. If the Bond Bank fails to appoint a successor Trustee within sixty (60) days of receipt of notice of the Trustee’s resignation, the Trustee may petition the appropriate court to appoint a successor Trustee.

The Trustee may be removed at any time with or without cause by an instrument or concurrent instruments in writing delivered to the Trustee and to the Bond Bank and signed by the owners of a majority in aggregate principal amount of all Bonds then Outstanding or their attorneys-in-fact duly authorized. Notice of the removal of the Trustee will be given as provided above. So long as no Event of Default, or an event which with the passage of time would become an Event of Default, has occurred and is continuing, the Trustee may be removed at any time by resolution of the Bond Bank filed with the Trustee.

In case the Trustee resigns or is removed, or is in course of dissolution or liquidation, or otherwise becomes incapable of acting under the Indenture, or in case it is taken under the control of any public officer or officers, or of a receiver appointed by a court, a successor may be appointed by the owners of a majority in aggregate principal amount of all Bonds then Outstanding under the Indenture by an instrument or concurrent instruments in writing signed by such owners, or by their attorneys-in-fact duly authorized, a copy of which will be delivered personally or sent by registered mail to the Bond Bank. Nevertheless, in case of such vacancy the Bond Bank by resolution may appoint a temporary Trustee to fill such vacancy. Within ninety (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, will immediately and without further act be superseded by any Trustee so appointed by such Bondholders. Notice of the appointment of a temporary or successor Trustee will be given in the same manner provided above with respect to the resignation of a Trustee. Every such Trustee so appointed will be a trust company or bank having a reported capital and surplus of not less than $50,000,000, if there is such an institution willing, qualified and able to accept the trust upon reasonable or customary terms.
APPENDIX D
BOOK-ENTRY-ONLY SYSTEM

DTC will act as securities depository for the Series 2007 D Bonds. The Series 2007 D Bonds will be issued as fully-registered securities registered in the name of Cede & Co. or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2007 D Bond certificate will be issued for each maturity of the Series 2007 D Bonds, in the aggregate principal amount of such maturity and will be deposited with DTC.

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

Purchases of the Series 2007 D Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2007 D Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2007 D Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners, however, 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 2007 D Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2007 D Bonds, except in the event that use of the book-entry system for the Series 2007 D Bonds is discontinued.

To facilitate subsequent transfers, all Series 2007 D Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or any such other name as may be requested by an authorized representative of DTC. The deposit of the Series 2007 D Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2007 D Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2007 D 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 and regulatory requirements as may be in effect from time to time.
Redemption notices shall be sent to DTC. If less than all of the Series 2007 D Bonds are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Series 2007 D Bonds unless authorized by a Direct Participant in accordance with DTC’s Procedures. Under its usual procedures, DTC will mail 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 2007 D Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions and dividend payments on the Series 2007 D Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts, upon DTC’s receipt of funds and corresponding detail information from the Bond Bank or the Paying Agent on payable date in accordance with their respective holdings shown on DTC’s records. Payments by Direct and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the Bond Bank, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Bond Bank or the Paying Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2007 D 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 2007 D Bond certificates are required to be printed and delivered.

The Bond Bank may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, the Series 2007 D Bond certificates will be printed and delivered.

THE INFORMATION PROVIDED IMMEDIATELY ABOVE UNDER THIS CAPTION HAS BEEN PROVIDED BY DTC. NO REPRESENTATION IS MADE BY THE BOND BANK, THE QUALIFIED ENTITIES 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.

Revision of Book-Entry-Only System

In the event that either (1) the Bond Bank and the Trustee receive notice from DTC to the effect that DTC is unable or unwilling to discharge its responsibilities as a clearing agency for the Series 2007 D Bonds or (2) the Bond Bank elects to discontinue its use of DTC as a clearing agency for the Series 2007 D Bonds, then the Bond Bank and the Trustee will do or perform or cause to be done or performed all acts or things, not adverse to the rights of the holders of the Series 2007 D Bonds, as are necessary or appropriate to discontinue use of DTC as a clearing agency for the Series 2007 D Bonds and to transfer the ownership of each of the Series 2007 D Bonds to such person or persons, including any other clearing agency, as the holder of such Series 2007 D Bonds may direct in accordance with the Indenture. Any expenses of such a discontinuation and transfer, including any expenses of printing new certificates to evidence the Series 2007 D Bonds will be paid by the Bond Bank.
APPENDIX E
FORM OF CONTINUING DISCLOSURE CONTRACT

This Continuing Disclosure Contract (this “Contract”) is made this 8th day of November, 2007, from The Indianapolis Local Public Improvement Bond Bank (the “Promisor”) to each beneficial or registered owner or holder of any Bond (as hereinafter defined) (each, a “Promisee”);

WITNESSETH THAT:

WHEREAS, the Promisor is issuing its Refunding Bonds, Series 2007 D, issued on the date hereof (the “Bonds”), pursuant to a Trust Indenture, dated as of November 1, 2007 (the “Indenture”), by and between Promisor and The Bank of New York Trust Company, N.A., as trustee (the “Trustee”); and

WHEREAS, Morgan Stanley & Co. Incorporated, City Securities Corporation and Loop Capital Markets, LLC (collectively, the “Underwriters”) are, in connection with an offering of the Bonds directly or indirectly by or on behalf of the Promisor, purchasing the Bonds from the Promisor and selling the Bonds to certain purchasers; and

WHEREAS, Rule 15c2-12 (the “Rule”), promulgated by the Securities and Exchange Commission (the “Commission”) under the Securities Exchange Act of 1934, as amended (the “Act”), provides that, except as otherwise provided in the Rule, a participating underwriter (as defined in the Rule) shall not purchase or sell municipal securities in connection with an offering (as defined in the Rule) unless the participating underwriter has reasonably determined that an issuer of municipal securities (as defined in the Rule) or an obligated person (as defined in the Rule) for whom financial or operating data is presented in the final official statement (as defined in the Rule) has undertaken, either individually or in combination with other issuers of such municipal securities or obligated persons, in a written agreement or contract for the benefit of holders of such securities, to provide certain information; and

WHEREAS, the Promisor desires to enter into this Contract in order to assist the Underwriters in complying with the Rule; and

WHEREAS, any registered owner or holder of any Bond shall, by its payment for and acceptance of such Bond, accept and assent to this Contract and the exchange of (i) such payment and acceptance for (ii) the promises of the Promisor contained herein;

NOW, THEREFORE, in consideration of the Underwriters’ and any Promisee’s payment for and acceptance of any Bonds, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Promisor hereby promises to each Promisee as follows:

Section 1. Definitions. The terms defined herein, including the terms defined above and in this Section 1, shall have the meanings herein specified unless the context or use clearly indicates another or different meaning or intent. Any terms defined in the Rule, but not otherwise defined herein, shall have the meanings specified in the Rule unless the context or use clearly indicates another or different meaning or intent.

(a) “Bond” shall mean any of the Bonds.

(b) “Bondholder” shall mean any registered or beneficial owner or holder of any Bond.

(c) “Final Official Statement” shall mean the Official Statement, dated September 7, 2007, as amended by the Supplemental Official Statement, dated __ __ ____, 2007, relating to the Bonds, including any document included therein by specific reference which has been previously provided to each NRMSIR and the SID, or filed with the Commission, and, if such document is a final official statement, available from the MSRB.

(d) “Fiscal Year” of any person shall mean any period from time to time adopted by such person as its fiscal year for accounting purposes.
(e) “MSRB” shall mean the Municipal Securities Rulemaking Board.

(f) “NRMSIR” shall mean any nationally recognized municipal securities information repository, recognized as such by the Commission for purposes of the Rule (which, on the date hereof, are those entities listed in Exhibit E).

(g) “Obligated Person” shall mean any person who is either generally or through an enterprise, fund or account of such person committed by contract or other arrangement to support payment of all or part of the obligations on the Bonds (other than any providers of municipal bond insurance, letters of credit or liquidity facilities), for whom financial information or operating data is presented in the Final Official Statement.

(h) “SID” shall mean the state information depository, if any, designated as such by the State for purposes of the Rule (which, on the date hereof, has not yet been established).

(i) “State” shall mean the State of Indiana.

Section 2. Term. The term of this Agreement shall commence on the date of delivery of the Bonds by the Promisor to the Underwriters and shall expire on the earlier of (a) the date of payment in full of principal of and premium, if any, and interest on the Bonds, whether upon scheduled maturity, redemption, acceleration or otherwise, or (b) the date of defeasance of the Bonds in accordance with the terms of the Indenture.

Section 3. Obligated Person(s). The Promisor hereby represents and warrants that, as of the date hereof:

(a) The only Obligated Persons with respect to the Bonds are the Promisor and the Qualified Entities identified in the Indenture; and

(b) Except as described in the Final Official Statement, there have been no instances in the five (5) years prior to the date of the Final Official Statement in which any Obligated Person failed to comply, in all material respects, with any previous undertakings in a written contract or agreement specified in paragraph (b)(5)(i) of the Rule.

Section 4. Undertaking to Provide Information.

(a) The Promisor hereby undertakes to provide for and on behalf of itself and each other Obligated Person, either directly or indirectly through an indenture trustee or a designated agent for the Promisor:

(i) To each NRMSIR and to the SID, within two hundred ten (210) days after each December 31 beginning with the calendar year ending December 31, 2007, the audited financial statements of the City of Indianapolis, Indiana (or if not available, unaudited financial statements), for the immediately preceding two years, together with the comprehensive annual financial report for the City of Indianapolis, Indiana (the “CAFR”), with the type of information incorporated by reference in the Final Official Statement (the financial information and operating data set forth in Section 4(a)(i) hereof, collectively, the “Annual Financial Information”);

(ii) If not submitted as part of the Annual Financial Information, then when and if available to each NRMSIR and to the SID the audited financial statements of such Obligated Persons;

(iii) In a timely manner, to each NRMSIR or to the MSRB, and to the SID, notice of any of the following events with respect to the Bonds or the Qualified Obligations (as defined in the Indenture), if material:
(A) Principal and interest payment delinquencies;
(B) Non-payment related defaults;
(C) Unscheduled draws on debt service reserves reflecting financial difficulties;
(D) Unscheduled draws on credit enhancements reflecting financial difficulties;
(E) Substitution of credit or liquidity providers, or their failure to perform;
(F) Adverse tax opinions or events affecting the tax-exempt status of the security;
(G) Modifications to rights of security holders;
(H) Bond calls (other than mandatory, scheduled redemptions, not otherwise contingent upon the occurrence of an event, the terms of which redemptions are set forth in detail in the Final Official Statement);
(I) Defeasances;
(J) Release, substitution or sale of property securing repayment of the securities; or
(K) Rating changes; and

(iv) In a timely manner, to each NRMSIR or to the MSRB, and to the SID, notice of a failure of the Promisor to provide required Annual Financial Information or audited financial statements, on or before the date specified in this Contract.

(b) Any financial statements of any Obligated Person provided pursuant to subsection (a)(i) or (a)(ii) of this Section 4 shall be prepared in accordance with any accounting principles mandated by the laws of the State, as in effect from time to time, or any other consistent accounting principles that enable market participants to evaluate results and perform year to year comparisons, but need not be audited.

(c) Any Annual Financial Information or audited financial statements may be set forth in a document or set of documents, or may be included by specific reference to documents previously provided to each NRMSIR and to the SID, or filed with the Commission. If the document is a final official statement (as defined in the Rule), it must be available from the MSRB.

(d) If any Annual Financial Information otherwise required by subsection (a)(i) of this Section 4 no longer can be generated because the operations to which it relates have been materially changed or discontinued, a statement to that effect shall be deemed to satisfy the requirements of such subsection.

Section 5. Certification.

(a) Any Annual Financial Information provided by the Promisor pursuant to Section 4(a)(i) hereof shall be accompanied by a certificate, signed by the Promisor, in substantially the form of Exhibit A hereto.
(b) Any audited financial statements provided by the Promisor pursuant to Section 4(a)(ii) hereof shall be accompanied by a certificate, signed by the Promisor, in substantially the form of Exhibit B hereto.

(c) Any notice provided by the Promisor pursuant to Section 4(a)(iii) hereof shall be accompanied by a certificate, signed by the Promisor, in substantially the form of Exhibit C hereto.

(d) Any notice provided by the Promisor pursuant to Section 4(a)(iv) hereof shall be accompanied by a certificate, signed by the Promisor, in substantially the form of Exhibit D hereto.

Section 6. Termination of Obligation. The obligation to provide Annual Financial Information, audited financial statements and notices of events under Section 4(a) hereof shall terminate with respect to any Obligated Person, if and when such Obligated Person no longer remains an obligated person (as defined in the Rule) with respect to the Bonds.

Section 7. Bondholders. Each Bondholder is an intended beneficiary of the obligations of the Promisor under this Contract, such obligations create a duty in the Promisor to each Bondholder to perform such obligations, and each Bondholder shall have the right to enforce such duty.

Section 8. Limitation of Rights. Nothing expressed or implied in this Contract is intended to give, or shall give, to the Underwriters, the Commission or any Obligated Person, or any underwriters, brokers or dealers, or any other person, other than the Promisor, each Promisee and each Bondholder, any legal or equitable right, remedy or claim under or with respect to this Contract or any rights or obligations hereunder. This Contract and the rights and obligations hereunder are intended to be, and shall be, for the sole and exclusive benefit of the Promisor, each Promisee and each Bondholder.

Section 9. Remedies.

(a) The sole and exclusive remedy for any breach or violation by the Promisor of any obligation of the Promisor under this Contract shall be the remedy of specific performance by the Promisor of such obligation. Neither any Promisee nor any Bondholder shall have any right to monetary damages or any other remedy for any breach or violation by the Promisor of any obligation of the Promisor under this Contract, except the remedy of specific performance by the Promisor of such obligation.

(b) No breach or violation by the Promisor of any obligation of the Promisor under this Contract shall constitute a breach or violation of or default under the Bonds or the Indenture.

(c) Any action, suit or other proceeding for any breach or violation by the Promisor of any obligation of the Promisor under this Contract shall be instituted, prosecuted and maintained only in a court of competent jurisdiction in Marion County, Indiana.

(d) No action, suit or other proceeding for any breach or violation by the Promisor of any obligation of the Promisor under this Contract shall be instituted, prosecuted or maintained by any Promisee or any Bondholder unless, prior to instituting such action, suit or other proceeding: (i) such Promisee or such Bondholder has given the Promisor notice of such breach or violation and demand for performance; and (ii) the Promisor has failed to cure such breach or violation within sixty (60) days after such notice.

Section 10. Waiver. Any failure by any Promisee or any Bondholder to institute any suit, action or other proceeding for any breach or violation by the Promisor of any obligation of the Promisor under this Contract, within three hundred sixty (360) days after the date such Promisee or such Bondholder first has knowledge of such breach
or violation, shall constitute a waiver by such Promisee or such Bondholder of such breach or violation and, after such waiver, no remedy shall be available to such Promisee or such Bondholder for such breach or violation.

Section 11. **Limitation of Liability.** The obligations of the Promisor under this Contract are special and limited obligations of the Promisor, payable solely from the trust estate under the Indenture. The obligations of the Promisor under this Contract are not and shall never constitute a general obligation, debt or liability of the Promisor or the State, or any political subdivision thereof, within the meaning of any constitutional limitation or provision, or a pledge of the faith, credit or taxing power of the Promisor or the State, or any political subdivision thereof, and do not and shall never constitute or give rise to any pecuniary liability or charge against the general credit or taxing power of the Promisor or the State, or any political subdivision thereof.

Section 12. **Immunity of Officers, Directors, Members, Employees and Agents.** No recourse shall be had for any claim based upon any obligation in this Contract against any past, present or future officer, director, member, employee or agent of the Promisor, as such, either directly or through the Promisor, under any rule of law or equity, statute or constitution.

Section 13. **Amendment of Obligations.** The Promisor may, from time to time, amend any obligation of the Promisor under this Contract, without notice to or consent from any Promisee or any Bondholder, if: (a)(i) such amendment is made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of any Obligated Person, or type of business conducted, (ii) this Contract, after giving effect to such amendment, would have complied with the requirements of the Rule on the date hereof, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, and (iii) such amendment does not materially impair the interests of any Bondholders, as determined either by (A) any person selected by the Promisor that is unaffiliated with the Promisor or any Obligated Person (such as any trustee under the Indenture) or (B) an approving vote of the Bondholders pursuant to the terms of the Indenture at the time of such amendment; or (b) such amendment is otherwise permitted by the Rule.

Section 14. **Assignment and Delegation.** Neither any Promisee nor any Bondholder may, without the prior written consent of the Promisor, assign any of its rights under this Contract to any other person. The Promisor may not assign any of its rights or delegate any of its obligations under this Contract to any other person, except that the Promisor may assign any of its rights or delegate any of such obligations to any entity (a) into which the Promisor merges, with which the Promisor consolidates or to which the Promisor transfers all or substantially all of its assets or (b) which agrees in writing for the benefit of Bondholders to assume such rights or obligations.

Section 15. **Communications.** Any information, datum, statement, notice, certificate or other communication required or permitted to be provided, delivered or otherwise given hereunder by any person to any other person shall be in writing and, if such other person is the Promisor, shall be provided, delivered or otherwise given to the Promisor at the following address:

The Indianapolis Local Public Improvement Bond Bank  
200 East Washington Street  
City-County Building, Room 2342  
Indianapolis, Indiana 46204  
Attention: Executive Director

(or at such other address as the Promisor may, by notice to each NRMSIR and the SID, provide), or, if such other person is not the Promisor, shall be provided, delivered or otherwise given to such other person at any address that the person providing, delivering or otherwise giving such information, datum, statement, notice, certificate or other communication believes, in good faith but without any investigation, to be an address for receipt by such other person of such information, datum, statement, notice, certificate or other communication. For purposes of this Contract, any such information, datum, statement, notice, certificate or other communication shall be deemed to be provided, delivered or otherwise given on the date that such information, datum, notice, certificate or other communication is (a) delivered by hand to such other person, (b) deposited with the United States Postal Service for mailing by registered or certified mail, (c) deposited with Express Mail, Federal Express or any other courier service for delivery on the following business day, or (d) sent by facsimile transmission, telecopy or telegram.
Section 16. **Central Post Office.** Any filing or notice required to be submitted to a NRMSIR or SID, if any, under this Contract may be made solely by transmitting such filing or notice to the Texas Municipal Advisory Council (“MAC”) as provided at http://www.disclosureusa.org unless the Commission has withdrawn the interpretative advice in its letter to MAC dated September 7, 2004.

Section 17. **Use of Dissemination Agent.** The Promisor may, at its sole discretion, utilize an agent or agents (the “Dissemination Agent”) in connection with the dissemination of any information required to be provided by any Obligated Person pursuant to the terms of the SEC Rule and this Agreement. If a Dissemination Agent is selected for these purposes, the Promisor shall provide written notice thereof (as well as notice of replacement or dismissal of such agent) to each NRMSIR, the SID and the MSRB.

Section 18. **Knowledge.** For purposes of this Contract, each Promisee and each Bondholder shall be deemed to have knowledge of the provision and content of any information, datum, statement or notice provided by the Promisor to any NRMSIR, the SID or the MSRB on the date such information, datum, statement or notice is so provided, regardless of whether such Promisee or such Bondholder was a registered or beneficial owner or holder of any Bond at the time such information, datum, statement or notice was so provided.

Section 19. **Performance Due on other than Business Days.** If the last day for taking any action under this Contract is a day other than a business day, such action may be taken on the next succeeding business day and, if so taken, shall have the same effect as if taken on the day required by this Contract.

Section 20. **Waiver of Assent.** Notice of acceptance of or other assent to this Contract is hereby waived.

Section 21. **Governing Law.** This Contract and the rights and obligations hereunder shall be governed by and construed and enforced in accordance with the internal laws of the State, without reference to any choice of law principles.

Section 22. **Severability.** If any portion of this Contract is held or deemed to be, or is, invalid, illegal, inoperable or unenforceable, the validity, legality, operability and enforceability of the remaining portions of this Contract shall not be affected, and this Contract shall be construed as if it did not contain such invalid, illegal, inoperable or unenforceable portion.

Section 23. **Rule.** This Contract is intended to be an agreement or contract in which the Promisor has undertaken to provide that which is required by paragraph (b)(5) of the Rule. If and to the extent this Contract is not such an agreement or contract, this Contract shall be deemed to include such terms not otherwise included herein, and to exclude such terms not otherwise excluded herefrom, as are necessary to cause this Contract to be such an agreement or contract.

Section 24. **Interpretation.** The use herein of the singular shall be construed to include the plural, and vice versa, and the use herein of the neuter shall be construed to include the masculine and feminine. Unless otherwise indicated, the words “hereof,” “herein,” “hereby” and “hereunder,” or words of similar import, refer to this Contract as a whole and not to any particular section, subsection, clause or other portion of this Contract.

Section 25. **Captions.** The captions appearing in this Contract are included herein for convenience of reference only, and shall not be deemed to define, limit or extend the scope of intent of any rights or obligations under this Contract.
IN WITNESS WHEREOF, the Promisor has caused this Contract to be executed on the date first above written.

THE INDIANAPOLIS LOCAL PUBLIC
IMPROVEMENT BOND BANK

By: ____________________________
   Mary Titsworth Chandler, Chair

Attest:

By: ____________________________
   Barbara A. Lawrence, Executive Director
Exhibit A

$69,065,000
THE INDIANAPOLIS LOCAL PUBLIC IMPROVEMENT BOND BANK
REFUNDING BONDS, SERIES 2007 D

ANNUAL FINANCIAL INFORMATION

The undersigned, The Indianapolis Local Public Improvement Bond Bank (the “Promisor”), pursuant to Section 5(a) of the Continuing Disclosure Contract from the Promisor to each registered owner or holder of any of the above-captioned Bonds, dated November 8, 2007 (the “Contract”), hereby certifies to you that attached hereto is the Annual Financial Information (as defined in the Contract) of the Obligated Persons identified in the Contract, which Annual Financial Information is hereby provided to you in accordance with Section 4(a)(i) of the Contract.

THE INDIANAPOLIS LOCAL PUBLIC IMPROVEMENT BOND BANK

By: ________________________________

Printed: ________________________________

Title: ________________________________

Date: ________________________________
$69,065,000
THE INDIANAPOLIS LOCAL PUBLIC IMPROVEMENT BOND BANK
REFUNDING BONDS, SERIES 2007 D

AUDITED FINANCIAL STATEMENTS

The undersigned, The Indianapolis Local Public Improvement Bond Bank (the “Promisor”), pursuant to Section 5(b) of the Continuing Disclosure Contract from the Promisor to each registered owner or holder of any of the above-captioned Bonds, dated November 8, 2007 (the “Contract”), hereby certifies to you that attached hereto are audited financial statements of the Obligated Persons identified in the Contract, which audited financial statements are hereby provided to you in accordance with Section 4(a)(ii) of the Contract.

THE INDIANAPOLIS LOCAL PUBLIC IMPROVEMENT BOND BANK

By: ________________________________

Printed: ________________________________

Title: ________________________________

Date: ________________________________
NOTICE OF MATERIAL EVENT

The undersigned, The Indianapolis Local Public Improvement Bond Bank (the “Promisor”), pursuant to Section 5(c) of the Continuing Disclosure Contract from the Promisor to each registered owner or holder of any of the above-captioned Bonds, dated November 8, 2007 (the “Contract”), hereby certifies to you that attached hereto is a notice of the occurrence of a material event for one or more of the Obligated Persons identified in the Contract, which notice is hereby provided to you in accordance with Section 4(a)(iii) of the Contract.

THE INDIANAPOLIS LOCAL PUBLIC IMPROVEMENT BOND BANK

By: ________________________________

Printed: ______________________________

Title: ________________________________

Date: ________________________________
NOTICE OF FAILURE TO PROVIDE ANNUAL FINANCIAL INFORMATION

The undersigned, The Indianapolis Local Public Improvement Bond Bank (the “Promisor”), pursuant to Section 5(d) of the Continuing Disclosure Contract from the Promisor to each registered owner or holder of any of the above-captioned Bonds, dated November 8, 2007 (the “Contract”), hereby certifies to you that attached hereto is a notice of a failure of one or more of the Obligated Persons identified in the Contract to provide required Annual Financial Information (as defined in the Contract) on or before the date specified in the Contract, which notice is hereby provided to you in accordance with Section 4(a)(iv) of the Contract.

THE INDIANAPOLIS LOCAL PUBLIC IMPROVEMENT BOND BANK

By:__________________________________________

Printed:_____________________________________

Title:_______________________________________

Date:_______________________________________
Exhibit E

NRMSIRs

Bloomberg Municipal Repository
100 Business Park Drive
Skillman, NJ 08558
Phone: (609) 279-3225
Fax: (609) 279-5962
E-mail: Munis@Bloomberg.com

DPC Data Inc.
One Executive Drive
Fort Lee, NJ 07024
Phone: (201) 346-0701
Fax: (201) 947-0107
E-mail: nrmsir@dpcdata.com

Interactive Data Pricing and Reference Data, Inc.
Attn: NRMSIR
100 William Street, 15th Floor
New York, NY 10038
Phone: (212) 771-6999
Fax: (212) 771-7390
E-mail: NRMSIR@interactivedata.com

Standard & Poor's Securities Evaluations, Inc.
55 Water Street
45th Floor
New York, NY 10041
Phone: (212) 438-4595
Fax: (212) 438-3975
E-mail: nrmsir_repository@sandp.com